Daily Report

Latin America

FBIS-LAT-94-001
Monday
3 January 1994

Daily Report
Latin America

FBIS-LAT-94-001 *3 January 1994*

CONTENTS

NOTICE TO READERS: An * indicates material not disseminated in electronic form.
An Ω indicates a Foreign Media Note.

CARIBBEAN

Cuba

Vice President on Relations With United States *[Madrid EFE]* 1
ANPP Morning 28 Dec Highlights *[Havana TV]* 1
Evening Highlights *[Havana TV]* 3

Haiti

Army Calls for Tolerance, Peace in New Year *[Port-au-Prince Radio]* 17
Chamber President Favors National Conference *[Port-au-Prince Radio]* 17
Senate President Addresses Nation on 30 Dec *[Port-au-Prince Radio]* 17
Conflict Emerges Between CONACOPP Leaders *[Port-au-Prince Radio]* 18

MEXICO

Rebels Close Off 3 Towns; Declare War on Army *[Madrid EFE]* 19
Further on Rebel Group *[AFP]* 19
Declare War on Government *[AFP]* 19
Rebel News Conference *[AFP]* 20
Links Between Rebels, Clerics Noted *[AFP]* 20
Radio Reports Situation *[Mexico City Radio]* 21
Rebels Oppose NAFTA *[AFP]* 22
Rebel Leader Blames U.S. *[Rome L'UNITA 4 Jan]* 22
Leave San Cristobal *[Mexico City Radio]* 23
Free San Cristobal Inmates *[Madrid EFE]* 24
Occupy Guatemalan Border Towns *[Madrid EFE]* 24
Defense Secretariat Bulletin No. 1 *[Mexico City TV]* 25
Bulletin No. 2 *[Mexico City TV]* 25
Government Bulletin on Crisis *[Mexico City TV]* 25
Official on Chiapas Incidents *[Mexico City TV]* 26
PRI Candidate Colosio Comments *[Mexico City Radio]* 26
Armed Clash Reported *[NOTIMEX]* 27
Former Chiapas Governor Kidnapped *[NOTIMEX]* 27
Security Heightened in Mexico City *[Mexico City Radio]* 27
Church, Civilian Mediation Accepted *[Mexico City Radio]* 27

CENTRAL AMERICA

El Salvador

Defense Minister Promoted to Brigadier General *[AFP]* 29
Health Ministry Declares National Emergency Due to Cholera *[San Salvador TV]* 29
Prosecutor General on Obstacles to Counternarcotics Effort *[LA PRENSA GRAFICA 30 Dec]* 29

Guatemala

Army Denies Ties to Gunrunning From El Salvador *[ACAN]* 30
UK Confirms Withdrawal of Troops From Belize *[AFP]* 30

Honduras

Ombudsman's Report Links Officials to Disappearances *[EL HERALDO 30 Dec]* 31
Armed Forces Spokesman Comments *[Tegucigalpa Radio]* 32
Deputy Decries U.S. Position *[Tegucigalpa Radio]* 33

Nicaragua

Daniel Ortega Issues New Year's Message *[EL NUEVO DIARIO 31 Dec]* 33
EPS Chief Discusses State of Army, U.S. Ties *[Managua TV]* 35
Army Chief Ortega Assesses National Security *[Managua TV]* 37

Panama

President Welcomes Constitutional Article on Canal *[LA PRENSA 30 Dec]* 37
Politicians, ARI Member Agree Not To Renegotiate U.S. Bases
[LA ESTRELLA DE PANAMA 2 Jan] 38
Arnulfists Insist on Heading Presidential Ticket *[LA ESTRELLA DE PANAMA 30 Dec]* 38
Endara Denies Responsibility for Alliance Rupture *[LA PRENSA 30 Dec]* 39
Electoral Tribunal Admits Morena as Political Party *[EL PANAMA AMERICA 28 Dec]* 39
PRD Vows Not To Restore Militarism *[LA PRENSA 31 Dec]* 39
Legislative Assembly Approves 1994 Budget *[EL PANAMA AMERICA 31 Dec]* 40

SOUTH AMERICA

Argentina

President Promulgates Constitutional Reform Law *[NOTICIAS ARGENTINAS]* 41
Baeza Appointed Defense Secretary; Under Secretaries Resign *[NOTICIAS ARGENTINAS]* 42
Social Action Secretary Resigns; Replacement Named *[NOTICIAS ARGENTINAS]* 42
Fishing Under Secretary Resigns To Enter Politics *[NOTICIAS ARGENTINAS]* 42
Constituent Assembly Elections To Be Held 10 April 1994 *[NOTICIAS ARGENTINAS]* 42
Santiago Trustee Schiaretti Promises Justice *[LA PRENSA 29 Dec]* 42
Chubut Province Joins Fiscal Pact; Four Provinces Remain *[NOTICIAS ARGENTINAS]* 43
Labor Confederation Gets Approval To Call National Strike
[BUENOS AIRES HERALD 30 Dec] 44
Roundup of Economic Reports Through 30 Dec *[LA PRENSA 24 Dec, etc.]* 44

Bolivia

President Sanchez Announces Year of Great Changes *[Madrid EFE]* 45
Armed Forces Demand 'Total Control' Over U.S. Aid Funds *[EL MUNDO 16 Dec]* 45
Supreme Court Chair Accuses Government of 'Dirty War' *[Madrid EFE]* 46
ΩBolivia: Economic Briefs *[La Paz EL DIARIO 13, 17 Nov,etc.]* 46
* Finance Minister Lists Investment Opportunities *[EL DIARIO 31 Oct]* 48

Brazil

Magazine Interviews President Franco *[VEJA 22 Dec]* 48
Franco Criticizes PMDB, Supreme Federal Court *[Brasilia Radio]* 51
ΩTrade-Technology Accord With Russia *[O ESTADO DE SAO PAULO, 4 Dec, etc.]* 52
Roundup of Economic Reports Through 30 Dec *[Brasilia Radio, etc.]* 54

Chile

Aylwin Addresses Nation With Year-End Message *[Santiago TV]* 55
Government Signs Extradition Treaty With Nicaragua *[Madrid EFE]* 56
Looking To Resume Ties With Cuba *[Madrid EFE]* 56
Roundup of Economic Reports Through 30 Dec *[El Mercurio 17 Dec, etc.]* 56

Colombia

Acting Defense Minister on Presence of U.S. Soldiers *[Santa Fe de Bogota TV]* 57
Senator Takes Legal Action Over U.S. Troop Presence *[Hamburg DPA]* 57
U.S. Government Reportedly Paid Millions for Troops' Entry *[Santa Fe de Bogota TV]* 57
Defense Minister Agrees With Venezuelan Border Actions *[EL NUEVO SIGLO 29 Dec]* 58
Gaviria Urges Rebels To Renounce Violence *[Madrid EFE]* 58
Roberto Escobar Asks Los Pepes for Peace Following Attack *[Santa Fe de Bogota TV]* 58

Ecuador

Legislators Approve Tax Reform Bill *[Quito Radio]* 59
Debt To Be Paid Despite Drop in Revenues *[Quito Radio]* 59
Minister, Congressmen Sign 1994 Budget Document *[Quito Radio]* 59

Paraguay

Senate Passes 'Final Version' of Budget Bill *[ULTIMA HORA 16 Dec]* 60
Military Officers 'Annoyed' With Wasmosy *[ABC COLOR 30 Dec]* 60
President Wasmosy Interviewed *[Asuncion TV]* 61
Roundup of Economic Reports Through 30 Dec *[NOTICIAS 30 Dec, etc.]* 64

Peru

Fujimori Remarks on Possible Cabinet Changes *[Lima TV]* 64
Constituent Congress President on Constitution *[Lima TV]* 64
Opposition Skeptical About Call for Consensus *[Lima TV]* 66
Terrorist Attack Leaves Two Injured in Lima *[AFP]* 67
Fujimori Orders Reinforced Security *[NOTIMEX]* 67

Venezuela

Value-Added Tax at Retail Level Approved *[EL NACIONAL 28 Dec]* 67
President Velasquez Makes End of Year Speech *[Caracas Radio, TV]* 68
Defense Minister: Colombian Relations 'Excellent' *[Caracas TV]* 71
Ochoa Downplays Gun Running, Troop Movements *[EL NACIONAL 31 Dec]* 71

Guyana

Government Seeks Dissolution of Capital's Council *[CANA]* 71

Cuba

Vice President on Relations With United States

PA0201030194 Madrid EFE in Spanish 2243 GMT 1 Jan 94

[Text] Havana, 1 Jan (EFE)—It is difficult to expect a change in the relations between the United States and Cuba because "the circumstances are not favorable for an understanding," Cuban Vice President Carlos Rafael Rodriguez asserted in an interview that was published in the official GRANMA newspaper today.

"There is enough time and the North Americans know this. If circumstances are not favorable to them, they will have the time to change, and that explains their attitude," the veteran communist politician, who has occupied important positions in Fidel Castro's government, observed.

Carlos Rafael Rodriguez noted that Bill Clinton's administration "has taken a stand based on the notion that Cuba could collapse in the immediate future. Additionally, it is under pressure from the most recalcitrant sectors of the Cuban-American community and its allies, and it is not pressed to make decisions." He pointed out that it is necessary "to show firmness and for our economic policies to be successful. Both concerns guide Cuba's thoughts currently. The U.S. policy on Cuba has had a weak international response as was demonstrated with the UN approval of the resolution condemning the blockade against Cuba."

Rodriguez also revealed that during the U.S. Democrat President James Carter's administration, Cuba and the United States had held high level contacts to initiate negotiations. However, he explained, the possible solution of the U.S.-Cuban crisis was interrupted at that time due to Carter's decision to accuse Cuba of being responsible for the internal conflict in Zaire between armed organizations which had retreated to the area bordering with Angola.

Rodriguez recalled that on the same day that hostilities started in the African country, he was to hold a secret meeting with the then Secretary of State Cyrus Vance in New York. Prior to the meeting, Carlos Rafael Rodriguez listened to Carter's speech and his charges against Cuba. Vance was meeting with former USSR Foreign Minister Andrey Gromyko at the time, thus, when they met "it was I who informed (Vance) of Carter's statements." This is how the attempt to initiate negotiations ended. Evidently, Vance did not know that Carter had decided to make such an announcement and, embarrassed, he ended the meeting. The controversy ended when the truth emerged: Cuba had not participated in that adventure. However, the opportunity to initiate negotiations had passed," he said.

In his opinion, however, it was during the Reagan and Bush administrations "when we felt—after the difficult days of the U.S. aggression during the Kennedy era—the possible effects of a direct U.S. aggression against Cuba. We went through 12 years of continuous hostility with badly feigned or direct threats," he explained. It is said that Republican governments threaten and Democratic governments act against Cuba. This was not the case with the Reagan and Bush administrations because only Cuba's firmness and international solidarity impeded a direct attack against our country during those 12 years," Carlos Rafael Rodriguez asserted.

ANPP Morning 28 Dec Highlights

FL3012173693

[Editorial Report] Havana Tele Rebelde Network in Spanish at 0000 GMT on 29 December broadcasts highlights of the morning session of the National Assembly of the People's Government [ANPP] plenum at the Convention Center in Havana. ANPP President Ricardo Alarcon opens the session, stating: "With 533 delegates, a 90.8 percent attendance, we declare our meeting open. It is now our duty to examine the third point of our agenda, the discussion of ratification of the decree laws and accords issued by the Council of State. We have in our hands a note from Comrade Fidel Castro Ruz, president of the Council of State, listing the decree laws and accords issued from 1 June to 30 November 1993."

Alarcon gives the floor to delegate Alexis Hernandez who expresses full support for decree laws no. 141 and 142, but stresses concern over their unregulated application, and speaks against the potential "for selfishness, personal interests." Delegate Alicia Blanco Fernandez states that decree law 141 lacks some definition and needs clarification of the activities it comprises.

Delegate Genoveva Morales observes that people are upset with the halt on licenses for certain self-employment jobs and with the fact that messengers are exempt from paying taxes. Alarcon stresses that comrades have spoken in support of ratification, but have expressed concerns with implementation of the decree law. This, he says, is not the issue.

Castro states: "Alarcon, I agree with what you have said and with the issue of methodology. Nevertheless, I am worried about the concerns of our comrades, some of them presidents of the People's Councils, who have to answer this and that.

"Some comrades have brought up ideological issues. They said. I agree with this; but I do not like that because it might result in this or that consequence, misuse. I well understood the first two who spoke. But I did not understand the third comrade very well. I do not wish to get off the agenda and dedicate today, tomorrow, and the next day to discussing this, perhaps until 2 or 3 January, because we would destroy the agenda if we changed it. This is enough material for three days."

Castro chats about the messenger job and the granting of licenses.

Delegate Genoveva Morales adds that she disaproves of the fact that certain comrades are growing rich inappropriately and asks where they are getting the fuel, meat, rice, beer, and beans.

Castro adds: "I am not bothered by the uneasiness. This means that people have a socialist awareness; they do not like to be robbed. That is bad news for the supporters of capitalism. Man, if the people do not understand this, how in hell are they going to resign themselves to living under capitalism? Capitalism is constant, incessant robbery, permanent, incessant inequality. I do not know if Alarcon wishes to talk a bit more about this." Alarcon and Castro chat about the number of speakers who have asked to speak.

Castro states: "If there are mistakes, we are all responsible for those mistakes—those who have promoted and issue decree laws. We could bring the comrade responsible for the decree here to speak. Everyone knows that we have to speak here and take responsibility for what is done. There are evident contradictions that anyone can understand. We have done certain things here that I have half regretted. It is the truth, but we cannot deny that there are contradictions."

Delegate Jose Antonio Perez Gonzalez stresses his concerns with decree law 141. He believes that honest people should be allowed to be self-employed, and that although these jobs will not solve problems, it will help many people. He adds: "I do not think all these people are dishonest."

Delegate Maria Ducas observes that there is uneasiness among the population regarding the fact that messengers do not pay taxes while others have many regulations piled on them. Likewise, there is a lack of control by the inspectors. The people are not aware of the details of the law, and certain comrades have been given licenses while others have not. Ducas gives examples of People's Council involvement in regulating proper implementation of the law, recommends that the granting of licenses continue, and that they stop worrying about where the supplies are coming from.

Delegate Jesus Infante stresses that the problem with decree 141 is a lack of information among the people and a lack of standardized implementation. However, more of a consultation process ia required to avoid misinterpretation at the base level.

Delegate Rodolfo Serrayonga points out that decree 141 is needed, and that its aspects are necessary and useful. The problem, however, lies in its implementation and control. Regarding messengers, Serrayonga stresses that a clear law regulating this service was annulled and replaced by vague guidance in decree 141. He adds: "What they have done is to regress in the case of the messengers." He goes on to say base-level bodies must ensure proper implementation.

Delegate Manuel Sanchez Sardina expresses support for decree 141, but notes that there are some activities not included. Sanchez expresses concern with the video-show job, which might present an ideological danger, since no regulation exists on what can be shown.

Alarcon gives the floor to delegate Xiomara Rivero who observes that the delegates must consider how the people accepted the decree and that like other presidents of People's Councils, she was told of the promulgation of the decree by the people, and that problems would have been avoided had a broad consultation process been conducted. She agrees with previous speakers that the base level bodies are responsible for proper implementation of the law.

Delegate Jasin Chaspar observes that decree 141 is like building a train engine without any cars to follow, in this case, the inspection corps. He stresses that inspectors also need to be supervised, and that there is room for blackmail and bribery. He stresses that the People's Councils' role is very important.

Raul Castro is shown sitting in the assembly.

Alarcon introduces Francisco Linares, minister president of the State Committee for Labor and Social Security, but gives the floor to Delegate Lazaro Barredo who wishes to make a point of order.

Delegate Barredo states: "Comrade president, I made my request to speak on this issue to the floor attendant yesterday morning because rather than on a problem of implementation, I had prepared an address on several concerns regarding the conception of the decree law. I made my request to speak, in writing, yesterday morning. I do not know what mechanism has violated my human right to speak. I am worried because I truly had certain concerns. I had been writing my address since yesterday on the conception of the decree, rather than its implementation. I would like to ask to be allowed to speak."

Alarcon tells Barredo that he himself was not told of Barredo's request, and that since Linares had already been given the floor, he would speak first, then Barredo could do so.

Francisco Linares states that the decree does not establish self- employment. Self-employment was established in 1978. The decree simply extended the number of approved activities and the requisites for those activities. He observes that no other legislation has caused as much interest, and that they have visited the provinces and talked with the workers. He goes on to say that two meetings have been held to analyze the application of the decree; that the concerns expressed by the comrades are the concerns we have all had. Linares points out, regarding the corps of inspectors, that steps have been taken in the provinces to establish controls and that this decree is helping to solve some of the problems being faced in the country.

Linares acknowledges that they did not establish what light foods are, and that it was necessary to eliminate this

activity because many of these restaurants or stands began to appear in Havana City. It was decided in a meeting with all the presidents of the provincial People's Governments not to grant any more permits for this activity. Linares observes that they had to stop the taxi service because these taxis had began offering their services to tourists, and that was not the idea.

Linares stresses that the decree stipulates that the list can be increased or reduced, and that steps are being taken to regulate its implementation. Linares observes that there is no need to worry or believe that this will solve all problems, nor is it a prelude to capitalism.

In the case of messengers, Linares observes that they have always existed and that this decree establishes exemption for messengers. He believes it is a good idea for messengers to be charged a license fee. He concludes by observing the number of measures that have been taken.

At this point, Politburo member Carlos Lage states that they need to continuously examine the responsibilities and implementation measures, the scope of consultation and prior analysis, before taking a measure on implementation of the decree law. He stresses that the issue is complex and that not all is related to implementation, but to the issue's complexity and how it relates to the country's situation. Lage observes that the decree law should be reasonably malleable and that changes will be studied to perfect implementation.

Lage stresses that the decree represents months of consultations and that they were waiting to see how it would work in its initial months. Lage points out that the complaints stem from lack of control, irregularities in implementation, and what is being done in practice, which have nothing to do with what was approved.

Lage observes that the five jobs suspended were discussed and analyzed and that he believes there is a consensus on the need to approve the decree.

Alarcon and Castro discuss the point of order made by Lazaro Barredo. Alarcon suggests postponing his comments until after a recess. Castro states: "Alarcon, but we did tell him he could speak." Raul Castro States: "Yes, we have to fulfill our promise."

Fidel Castro and Alarcon discuss the intricacies of point of order procedures, efforts to keep the agenda's order, but still being able to give the floor to Barredo.

Barredo states that the two basic pillars of the nation, when it comes to implementing changes, are independence and social justice, adding, "A social justice that does not mean egalitarianism or paternalism, but a social justice incompatible with forms that go against social ownership. Commander, as you mentioned in the Union of Cuban Journalists Congress: Our socialism has to be more efficient with state ownership as the base, linking responsibility and capability, linking the economic sense of control with costs, production, and services; all this without rejecting other concepts of social ownership, such as the cooperatives in certain sectors and as it is being done in certain areas of agriculture."

He adds that certain points of decree 141 somehow raise doubts on ethical questions. Barredo warns that there is a pattern of inappropriate profiteering and illegal resources in projects such as this. Barredo stresses that self-employment is a vital need, but that in its implementation, there is gray area between self- employment and profiteering [meroliquismo]. He adds that turning those jobs into cooperatives might have been more appropriate, thereby avoiding competition between self-employment and state services. Barredo denounces the theft of spare parts for use in self-employment repairs. Barredo stresses that cooperatives might not make more money, but are a good tool to prevent negative trends.

Castro asks Barredo what the moral of the story is: "Should we approve it or not, reject it or not?" Barredo answers that he is not against the decree, that it is important for Cuba, but that these issues must be pondered independent of its approval.

At this point, Castro addresses the plenary for 90 minutes. This material is covered by FI2912195592 and adds.

Following this address, Fidel and Raul discuss removing the "etc." from the decree law. Raul asks: "Can this be done? I do not believe so. This has to be approved by the assembly. If we do not take out the 'etc.,' we can agree to take out the 'etc.' and that is it. Can this be done or not? If it cannot be done, do not even invite me to another assembly." Raul says this as he abruptly pushes the microphone away. This is followed by applause.

Alarcon states that it is possible to do so because the "etc." only makes things more confusing. Fidel Castro, chuckling, states: "Approved the removal of the 'etc.' This is not a solution, but it should help."

Alarcon agrees and takes a vote on all decrees by show of hands. The video cuts to closing applause. No figures are given on pro or con votes, or abstentions.

Evening Highlights

FL0101170794

[Editorial Report] Havana Tele Rebelde and Cuba Vision Networks in Spanish at 0130 GMT on 30 December carry a recording of the 28 December evening session of the National Assembly of the People's Government [ANPP].

The session is called to order by ANPP President Ricardo Alarcon de Quesada who asks the deputies to try to be as brief as possible in their presentations and to avoid repetition. Alarcon gives the floor to Deputy Zoe de la Cruz who reminds the deputies that many of the issues discussed earlier were repetitions of issues discussed at provincial assemblies and suggests that deputies broach specific rather than overall issues.

The chair recognizes Pedro Martinez Pirez as the next speaker. Martinez Pirez begins by saying that "we must all admit that we are responsible for our people's lack of economic culture." He continues to speak of the current situation and the need to adopt measures that will contribute to solving the country's problems. Martinez Pirez recalls that the media has been reporting that a "shock policy" would be implemented and that "thousands would be unemployed as a result of this." The deputy continues to say that "here in Cuba things are not like in other countries where policies are not dictated by governments and parliaments, but by the IMF." Martinez Pirez concludes his presentation by saying that "this ANPP meeting should not conclude without some statement on the measures that should be taken." The deputy stresses that the ANPP should issue a document suggesting the changes that should be made to "save the fatherland, save the Revolution, and save the achievements of socialism."

Castro addresses Ricardo Alarcon: "Alarcon, let us see if we can also preserve common sense; it would not be such a bad idea. I want to ask you something: Is adopting measures our goal at this meeting? Martinez Pirez was talking about a series of measures, and I do not know if a series of measures was mentioned in the document. I believe that any hope of adopting measures prior to the conclusion of this meeting is a bit too ambitious. We are practically in diapers on these issues with the material we have presented. On various occasions in the past, we have at least tried to bring to the attention of our comrades that our goal was to think out the problems. We wish to think the problems through. We would really be crazy if we thought we could adopt measures before the conclusion of this meeting that would solve all our problems.

"I want to know if everytime something is brought up at this meeting, whether we can just comment on it, or do we have to wait until 55 deputies speak before we can clarify issues such as the ones Martinez Pirez has brought up. He has proposed that we adopt a series of measures. Do we have to wait until the 56th deputy speaks before we clarify that this is not the purpose of this meeting? Do we have to wait until the 56th deputy speaks before 60 more speak to clarify these issues?"

Ricardo Alarcon says that during the provincial assemblies, it was made "very clear" that "the purpose of this session was not to adopt measures, but rather to consider, as a group, what could be done to solve these problems."

Castro continues: "Someone else talked about the need to create awareness. I believe that what we are trying to do is create an awareness. Others have talked about repeating 24 February, but what would be our goals? To have a repeat 24 February, we would need to have an idea of what we want to do. There is something else I would like to remind you of. I suggested that these issues be discussed at this meeting. It would take us three days to adopt measures. All we need to do is issue another draft bill with four et ceteras. We would have our group of measures.

"This is a very sensitive issue. This is not self-employment. This is something that can affect millions of people. It is of high political sensitivity. The ANPP can adopt a series of measures. The day the ANPP adopts a series of measures, it will say: Ladies and gentlemen, these are the measures we have adopted. A series of measures do not all have to be adopted at the same time. We are already adopting measures.

"There is one thing that yields more than any amount of taxes. Some say we must produce; that is fine, we must produce. We must produce pants, we must produce textiles. But where is the cloth we need, where is the cotton we need? We must produce rum, but where is the molasses? We must produce beer, but where are the bottles? Where is the barley we need to produce the beer? We have a great many great ideas. Produce. Yes we must produce, but we must produce what we can produce. We cannot produce for the sake of producing.

"I was saying that there is something that yields much more than anything we have mentioned here. We can eliminate all subsidies to the sugar industry and agriculture. Doing this would save us 3 billion [currency not specified]. I believe that the creation of the Basic Cooperative Production Units [UBPC's] is one of the good measures. There are others. The Ministry of the Revolutionary Armed Forces [Minfar] has cut back its budget by 600 million [currency not specified]. These are measures we are adopting.

"We must adopt a group of measures. We have not taken the bull by the horns. We have been discussing the implementation of a tax system but no one has told us how much we will receive from those taxes. I believe we all wish to make progress, make some progress.

"We must bring Jose Luis [Jose Luis Rodriguez Garcia, minister president of the State Committee for Finance] and Osvaldito [not further identified] here and interrogate them—in the positive sense of the word. We want them to help us clarify some things.

"But the big question is: Do we or do we not seize the money? That is a big question for you, select deputies, to answer. Should we or should we not seize the money? You are talking about the people hearing rumors. Many people do not know what to do with the money they have. They do not know whether they should put it in the bank or dig a 3-meter-deep hole and bury it. [laughter] Should we implement a policy where the money is not seized? Should we or should we not change the currency? I truly would not like to solve that problem here.

"Among other things, some of the measures are very complex. I knew this when I suggested that this issue be broached by the ANPP. I will even add that from the very first day this issue was brought up at the ANPP, I knew it was going to represent a problem. I told the

comrades at the National Bank to keep very accurate accounts of what happened, from the very day this problem was first mentioned. Who had his money in the bank and who had it buried? There are many people who have [words indistinct]. We cannot assume that those people who do not keep their money in the bank have illegal money. There are people in the habit of keeping their money at home. That is something else. However, many of the illegal street vendors and those involved in dirty businesses have money. Many people still remember the first exchange of money we made. They still remember how it was done. But that is not the issue.

"Should we or should we not exchange the money? If we do, then we must be intelligent enough to do it publicly. The last time we did this, it was a big secret. A tremendous secret. We had the money printed in Czechoslovakia, brought it secretly into the country, distributed it, and from one day to another, the measure was implemented. All measures around the world are implemented in this manner. This will be the first time a measure is adopted publicly. But how do we go about doing this? We must find out. Well, that is one subject we must discuss: Should we or should we not change it?

"Some deputies have attempted to differentiate between the thieves' money and the honest people's money. Ah, if only it were marked so that we could tell the difference. [laughter] How wonderful that would be. If that were the case, I would immediately suggest one measure, not a group of measures, but at least one measure: Gentlemen, remove all the money that is marked. But money has the same color and shape. We cannot tell the difference between one bill and another.

"We must decide whether we should or should not seize the money; whether we should or should not exchange the money. How to do this. We must discuss this publicly. We must decide what policy to follow, taking into consideration the fact that we have two types of money: honest money and the other kind of money. I wonder if anyone involved in finance keeps an inventory of the money on the street. This is a decision the ANPP must make. It must be very well thought out, discussed. What we should do, one way or another. These are key issues. We have already heard 17 speeches on this topic. Many of the comrades have expressed themselves quite well. We cannot deny that. However, we are just going round and round the problem.

"We have 10 million [currency not specified]. What do we do with that 10 million? I believe this is a key issue. Martinez Pirez and other comrades, if we were to begin discussing this, it would be quite a discussion. It would be a very big discussion. Let the media say whatever it wants to say. That is their problem, the foreign press and whatnot. We are not discussing dishonest matters. We must not be ashamed of what we are talking about. The most patriotic, brave, healthy, honest thing is to discuss this. The people will understand this. The people will understand the problems if we explain it to them clearly and make them part of our concerns.

"A technocratic approach cannot be used to solve these problems. We must not think that technical measures will solve the problems. We must not forget that in this country, honor, patriotism, the sense of dignity and duty of the worker is expressed. We encourage the worker to express himself. If we did not, no problem could be solved. If tomorrow we were to decide to take all the money out of circulation, it would not mean that on the day after tomorrow, all the workers would show up for work. If everyone were to show up for work the day after tomorrow, we would not have enough room for them in our factories. The workers do not have raw materials, electricity, responsibilities, or workshops. Ours is a complex situation. But if we cannot count on the support of the workers who do have a job and a workshop to go to, then we cannot solve our problems. If we did something without the workers' support, it would be a political blunder.

"At this meeting, I have not heard a single word from anyone appealing to the patriotism and honor of the worker. A few days ago, I said that most of the people in this country are working out of a sense of honor. Only their sense of honor makes them wake up at the hour they must wake up and find whatever means they can—bicycle or whatever—to go to work and fulfill their duty. They do not do it for money. We know that there is very little they can buy with what we pay them. They can only buy a few things at the grocery store because there are only a few things to sell, even if they are sold cheap. There is very little they can buy on the black market because they do not earn enough money to buy on the black market.

"If we cannot count on the patriotism and honor of the people and their determination to do whatever [words indistinct] the Revolution, all technical measures we adopt will be useless. We may solve a problem today, but confront complications two, three, or four months later. Therefore, we cannot forget the people. We must never forget that we must keep the people informed. I understand hope; however, I cannot understand the need to conclude this meeting with an approved group of measures. I believe the people's curiosity can be satisfied if we make all that we have discussed here available to the public. This is what we are doing. Members of the ANPP are not the only ones in this hall. There are many witnesses here. The media is here.

"This is the first time the ANPP is discussing problems as complex as these. If we wish to see positive results, then we should utilize what time we have left to discuss the heart of the problem. This is what I am proposing, so that we do not have to sit through 25 speeches. I suggest that we invite our two comrades, Osvaldito because he is president of the Institute of Economic Research—he spoke here and expressed himself quite nicely; others did as well, but he is an expert on this matter—and Jose Luis. Jose Luis is an expert on this matter and is knowledgeable. Let us begin broaching specific issues.

"What is our budget? Jose Luis gave us some information, but let him expand on this matter. How much revenue would we receive from taxes? What kind of taxes should we implement? Will taxes solve the problem? How much do we pay out in social security benefits, wages, and other benefits? Is this a shock policy? Should we lower wages and social security benefits? Should we have cutbacks? Should we continue as we are? What should be taxed? Should we implement a tax system? How much tax should we charge? What measures should we implement? What policies should we implement? This is what we should be discussing if we really want to make progress. We must grab the bull by the horns. You cannot grab a radish by its leaves.

"If everyone agrees, and we are not saying that no one else can speak, I would suggest a start on this. I know many of you cannot improvise a speech on specific issues... How many people are scheduled to speak?

Alarcon answers: "Twenty."

Castro: "Twenty or 22, and more to come. They grow faster than money. [laughter] I suggest we speak in front of witnesses and that we discuss what is proposed. [laughter] I should have added that the discussion be held with specialists on the subject. Let us discuss the issues and make some progress. However, we must do this knowing that we are not going to reach any agreements today. We must all think. You must think and the people must think. After you have thought, then we will talk. The people are aware of the problems we are confronting. Someone conducted a poll: Everyone understands what is going on, but practically no one agrees with the measures. If we do not get the people to understand the problem and accept the measures, then we have achieved nothing. It will be another draft bill with 17 et ceteras. Let us do something and extract something positive from these discussions. This is something new for us, something we have never done before. It is a complex situation, but we are deputies and we were elected to broach issues such as these. We were elected to confront the serious problems. The people may not elect us again after this. By the way, Alarcon, we do not get paid that much. The people can retire all of us."

Ricardo Alarcon invites Jose Luis Rodriguez to take the floor.

Rodriguez greets the assembly, then says: "I will go directly to the heart of the matter: As we said earlier, we believe this financial imbalance the country is experiencing is not a problem that can be solved effectively by a group of technicians or by the most brilliant group of economists. We agree that it is a big problem and has repercussions on our country and the Revolution. We also agree that it is essentially a political problem. Therefore, anything that is done must be evaluated according to [words indistinct] can be applied. We must evaluate our situation prior to implementing one measure or another.

"As has been explained in the past, there is an excess of money on the streets. One of the key elements that contributes to increasing the excess currency, and the commander in chief mentioned it yesterday and today, is the deficit of the state budget. Our deficit has been increasing for the past few years. The reasons for this have been explained in the past. This deficit has been increasing since 1989. According to the report we have already presented, our deficit in 1989 was 1.4 billion [currency not specified]. It increased to 1.958 billion in 1990, and in 1991, it jumped to more than 3.7 billion. Then in 1992, a record year for us, it went up to 4.869 billion, and this year, 1993, it should be a bit lower. The report says that we will be ending the year with a 4.2 billion deficit.

"We do not believe the measures adopted contributed to reducing this year's deficit. The drop is the result of certain economic activities undertaken by the country.

"Now, regarding the deficit: In the past we had several sources that helped cover the deficit. One source was the loans the country got from abroad. We do not have to tell you that these are no longer available. We also had the money we could collect domestically, and we could cover the deficit by issuing more money. In the past few years, most of the deficit was covered by issuing money domestically. We have been issuing money at a rate of approximately 60 percent.

"What is the first thing we learn from this? As far as we are concerned, this is very important. If we do not adopt measures to reduce the deficit, the excess money on the streets is going to increase. The deficit automatically contributes to the excess of money. Therefore, the first thing we should do is study the possibilities of reducing the state's budget deficit.

"We must then say, and we mentioned it today when we reported to the ANPP, that contrary to what some comrades believe, the health, education, and not even social security benefits—and these have shot up in the past few years, these benefits are currently in the amount of 1.5 billion pesos—do not contribute to increasing our deficit. These three expenses are only 30 percent of the expenses included in the budget. If tomorrow we were to decide to reduce these expenses, we would only be reducing 30 percent of the budget. This, of course, is only a theory because we cannot make these cuts and we will not make these cuts.

"For example, health and education: 75 percent of what we spend on health and education falls under the category of wages. We are working on reducing other expenditures. However, because of our country's wage policy, these have not been touched. This means that we are restricted to making cuts in vital areas because we cannot touch the work force. I must honesty say that we, for political, social, and economic reasons, do not agree that these expenditures should be cut substantially because it will not be here where we will find the appropriate solutions."

Rodriguez continues to mention the various areas where, according to some, cuts can be made. Rodriguez adds that these cuts would not make much of a difference. Rodriguez continues to mention some of the areas the government could exploit and receive revenue. Parents who want their children to learn to swim or receive special courses in gymnastics can pay for these services. These areas would represent approximately 55 million pesos in revenue for the country.

Rodriguez states: "Where does the country spend most of its money? We studied this situation and reached the following conclusion: The country spends its largest amount of money subsidizing the sugar industry and agriculture. During the three years of the special period, 1991, 1992, and 1993, the government has contributed 7.231 billion pesos in these two areas. This represents 54 percent of the deficit in those years. As you said earlier, we must work on this. And we see possibilities."

Castro interjects: "That is a key point."

Rodriguez responds: "It is a key point."

Castro again: "That is a key point."

Rodriguez again: "It is."

Castro then says: "From the view of what we are discussing, the issue of subsidies is a key point."

Rodriguez responds: "Yes it is. Furthermore, when drafting the 1994 budget we not only concentrated on subsidies but also on the financial situation of our state enterprises. Osvaldo mentioned this in his report.

"Commander, we have a noticeable lack of discipline where payments are concerned. Our report is through September 1993. When we studied the business sector alone, and we are not including the area included in the budget, we found that the state owes the state 2.821 billion pesos. In other words, these are amounts that one enterprise owes the other but they do not pay."

Castro asks: "And this affects the budget?"

Rodriguez answers: "Yes it does, and it also represents a loss."

Castro asserts: "It may represent a loss but it does not directly influence the excess of money on the streets."

Rodriguez responds: "No."

And Castro asks: "But they report this as a loss?"

Rodriguez answers yes: "Yes. They write it off as a bad debt. These bad debts must be subsidized and the subsidies affect the deficit."

Castro remarks: "Now you are talking about subsidies. That is included in the 7 billion you were talking about."

Rodriguez says: "Yes. It is an important element. The problem here is not only an economic...."

Castro, interrupts: "It is a problem of education as well?"

Rodriguez states: "Not only that. From the social viewpoint this is very important. We have started to dig and this is one of the things that contributes to the shifting of large amounts of money. This is an example of the lack of economic control we were talking about earlier.

"Since we are on the topic of shifting of large amounts of money I will say that this is one of the [words indistinct]. If you write and bill for services, but do not get paid for the services bill, and the person who receives does not know what he is receiving, does not know what he is supposed to pay, and does not pay, then its havoc. And we are talking 2.8 billion."

Castro asks: "In how many months?"

Rodriguez responds: "Through 30 September. We have yet to end this year."

Castro again: "In one year?"

Rodriguez: "We do not have a breakdown because these accounts go back a long time."

Castro again: "You are talking 7 billion in three years. What about the 2.8 billion?"

Rodriguez: "We have bills dated 60 days, 90 days, and we may even find some a year old."

Castro: "A year old. Everyone should close the year by the end of the year. Will the amount increase by the end of the year?"

Rodriguez: "We believe it will. It will increase because we have not been able to create an awareness regarding the need to collect due bills. We are beginning to meet with the biggest enterprises, with their directors, to make them understand the importance of this and explain to them that we cannot subsidize them when they have these huge amounts owed them. How can we give money out of the budget to enterprises that do not collect their bills."

Castro says: "Give us some examples."

Rodriguez: "What?"

Castro: "Give us some examples."

Rodriguez answers: "I will. For example, the Ministry of Basic Industry [Minbas]. I have brought this up because the other day we met with Marquitos [Minbas Minister Marcos J. Portal] and brought this up."

Castro: "How much is the Minbas owed?"

Rodriguez: "They are owed 556 million through 30 September."

Castro: "Who owes them?"

Rodriguez: "The Minbas oil sector is owed 556 million."

Castro: "Who owes them that amount?"

Rodriguez: "Basically, the retailers."

Castro: "The retailers fall under the people's government, do they not?"

Rodriguez: "Most of them."

Castro: "So who pays?"

Rodriguez: "This is something we caught only recently. We are making a file and then we will visit all those enterprises to discuss the bills they owe and are owed, those that must be written off because they are already too old, and which of them can still be paid."

Castro observes: "Now this money can increase that excess money on the streets. "

Rodriguez: "Yes it can."

Castro: "If that money is stolen, where will it go?"

Rodriguez: "That is anyone's guess. It can be used for many other things. The fact that you do not pay does not mean that you do not spend. You may spend on other things. Money is shifted from one source to another and you do not pay what you have to pay. "

Castro: "[Words indistinct] for example."

Rodriguez: "Yes, of course. We find that the foreign trade sector has 835 million owed them."

Castro: "And they are not being paid?"

Rodriguez: "No, they are not being paid. The import enterprises [words indistinct]."

Castro: "Why do they not pay?"

Rodriguez: "It seems we have a problem with operations. The enterprises that import the merchandise are not the ones that handle the merchandise. It seems that the billing and collecting mechanism is not working as it should. The enterprise scheduled to receive the merchandise takes it from the port and there is no control by the foreign trade officials. This seems to be the problem. We have yet to determine what the problem is. But they are owed much money.

"Commander, we also have the bills to be paid in foreign exchange. I would not like to go into this because we are still investigating, but let me tell you that this involves hundreds of millions. We are not talking 10 or 20 million. A purge is necessary before we can give you...."

Castro, interuppting, asks: "What is the problem? Tourism?"

Rodriguez responds: "Part of the problem has to do with the tourist sector."

Castro observes:: "We know that some of the tourist enterprises hold back payments. They are billed in November and they pay in January. We have to fight to get them to pay.

"Are we owed for our exports?"

Rodriguez: "Yes, we are. The Ministry of the Fishing Industry is a good example of this."

Castro: "This means that they export and do not get paid."

Rodriguez: "We have a problem with our collection cycle. We have to find out why it takes so long for us to be able to collect what is owed us. We have money invested there that we cannot move."

Castro observes: "This has to do with international ways of doing things. Many pay every three months or every six months. We have to check and see what has been paid and what has not been paid."

Rodriguez states: "That is correct. But that is money the country has to recover. We do not know how much it is, but what we are sure of is that we cannot continue to live like this. We must be able to use that money. We must get them to pay what they owe."

Castro: "We also owe, do we not?

Rodriguez: "Yes we do, but we have to pay. If we do not pay we cannot buy, and our meager imports will drop.

"In other words, at this very moment, we are working on a mechanism, a sole mechanism, to determine where all this money is, and why it is not where it should be. This mechanism will help the state do what it must do."

Castro asks: "Let us go back to the excess of currency in the country."

Rodriguez: "We are talking about the deficit, and all those factors I mentioned contribute to increasing the deficit. The deficit is covered by issuing money, and this measure puts a certain amount of money into circulation each year. If we can reduce the deficit by tackling the problem that increases it, then we do not have to issue that much money next year. This would contribute to strengthening the country's economic policy. If this is possible, we would avoid issuing a large amount of money."

Castro comments: "It looks as if the greatest amount of money goes into subsidies."

Rodriguez: "And there is a good possibility we can lower those subsidies."

Castro: "Continue."

Rodriguez adds: "Commander, in addition to this. I must say that solving these problems alone will not help us gradually reduce the amount of excess money on the streets. You asked about taxes. We responsibly tell you

that we are proposing a tax system for the country. We have already talked about the need to create an awareness among the people, an awareness that we have lost...."

Castro interrupts: "No, no, no. We never had that awareness. The other tax system was a bourgeois tax system."

Rodriguez: "We did have a sort of tax system. That is why I mentioned it."

Castro: "We paid a direct tax on income?"

Rodriguez: "We did, through 1967. We paid 11.9 percent in taxes on our wages."

Castro: "That was for social security?"

Rodriguez: "No. We also had a 4-percent industrial tax and other taxes. This system was abolished in 1967 and we have not had a tax system since."

Castro: "By then, we were owners of our economy."

Rodriguez: "Yes."

Castro continues: "We had replaced the capitalists who owned the industries and other economic sources. So we did have a tax, but this was a relative tax system. So we paid 11 percent."

Rodriguez: "No, 11.90 percent."

Castro: "Wages were taxed."

Rodriguez: "That is correct; it was deducted by payroll."

Castro asks: "Until what year?"

Rodriguez: "Until 1967. That same year, 1967...."

Castro interrupts: "How much would that 11 percent represent today?"

Rodriguez: "We are paying approximately 8.800 billion pesos in wages each year, so that would represent...."

Castro interrupts: "That would be 900 million."

Rodriguez: "Yes, approximately 900 million. This is a problem we must discuss because you know what it would be like suddenly imposing a tax system on the people. We have told ourselves that we are going to study this issue carefully and see what we can do to introduce an income tax system to the country. We cannot implement this measure without preparation. That is the way we see it. This means that...."

Castro: "Which would be more profitable, to establish an income-tax system or a progressive tax on income?"

Rodriguez: "That would have to be studied. Even though we have workers who are earning large salaries, they are not a majority. For example, through last year, 65 percent of the families had a monthly per capita income of 100 pesos. This means that only 35 percent earn more than 100 pesos a month. We are considering a family nucleus to be approximately 3.5 people. In other words, they are not a majority.

Castro: "What kind of taxes have you been thinking about?"

Rodriguez answers: "We have been thinking about income tax and business tax. Some taxes are currently being paid. The self-employed are being taxed."

Castro: "How much revenue can we collect from the tax the self-employed is paying?"

Rodriguez: "The self-employed are currently paying 49.90 percent, and 90 percent of the self-employed are paying their taxes—but the system was only implemented two months ago, so we have to wait a while longer to see if they continue to do it. According to our estimates, next year we should be receiving approximately 126 million pesos; that is, if we do not raise taxes. If we raise taxes, we can receive more. We believe taxes should be raised. Only two provinces, Las Tunas and Cienfuego, have raised their taxes. Today we learned that Pinar del Rio is also working on this. However, we have not implemented the resolution on a basic minimum tax which was discussed here this morning. The other day we were telling the presidents...."

Castro interrupts: "Do you support the idea that other products and services must be taxed, or only income?"

Rodriguez: "We believe that we should implement a progressive tax on income system. This calls for one specific mechanism."

Castro: "What is that?"

Rodriguez: "The filing of an income tax return."

Castro then asks: "Have you thought about this?"

Rodriguez: "Yes we have, commander, but...."

Castro interrupts: "Rest assured I did not steal your idea. I also suggested that."

Rodriguez: "Commander, the problem is that...."

Castro interrupts: "And what happens to the person who tries to evade filing the return?"

Rodriguez: "If I am not mistaken, he will be fined 500 pesos."

Castro: "Is that all?"

Rodriguez: "That is for first-time offenders. Seizures and other punishments are also being considered."

Castro: "Have other types of punishments been established?"

Rodriguez: "Other types of punishments have been suggested. The problem is that...."

Castro interrupts: "You are talking about petty fines. If you read our penal and civil codes, you will see that the fines are ridiculous. They were established when the peso was worth something. Today, anyone who legally earns 1,000, 2,000 or 3,000 pesos, or makes 10,000 illegally, does not care at all if he must pay that amount in fines. I understand that many of those so-called countries have strong punishments for tax evaders."

Rodriguez: "Tax evasion can entail eight to 10 years in jail. Let me tell you something else...."

Castro interrupts: "The people will only file a return if they know that if they fail to do so they will go to jail."

Rodriguez: "We are now asking that tax evasion be considered a crime. This was abolished in 1967. We are suggesting jail sentences for evaders."

Castro: "There was no need for this because we did not have a tax system."

Rodriguez: "That is correct, but if we are going to implement a tax system today, then we must establish that tax evasion is a crime."

Castro: "I am just asking. For the people to pay and respect the tax system, it is necessary to establish some type of punishment. This must include jail; otherwise, we will have evaders. An income tax return is an instrument to collect taxes should you one day implement the progressive income tax."

Rodriguez: "We are suggesting both: fines and jail sentences. We are also suggesting confiscation of the produced goods and the means of production."

Castro: "That is nothing. Anyone would say that you are thinking of a car factory and that you are going to seize the factory. Right now, all you would seize would be a stand or a coach."

Rodriguez: "Perhaps."

Castro: "It would not take these people 10 days to set up another stand and coach."

Rodriguez: "It is not that cheap to do, Commander."

Castro: "With the money they have, they can do it. How much does a coach cost today?"

Rodriguez: "That depends on the type of coach. There are coaches that cost 10,000 pesos."

Castro: "That would be a [word indistinct]."

Rodriguez: "No, no, no. The usual coach. There are comrades from the provinces who have more up-to-date information on that."

Castro: "Great, they will have paid it off in three months. But there are others who do not have stands or coaches and have many ways of making much money."

Rodriguez: "We are working on another idea, commander."

Castro: "What are you going to seize from a messenger? His feet?"

Rodriguez: "We will have to think of other types of punishment."

Castro: "What?"

Rodriguez: "We must think of other types of punishment."

Castro: "Seizing property may be of some value, but I do not think it will work. If you are going to implement a progressive income tax system for the self-employed, and want the system respected and the tax paid, you need to do more than just file an income tax return. You need strict punishment for evasion. There are laws for this in the United States and in Europe. If they did not have them, people would not pay their taxes. These mechanisms must be accompanied by others."

Rodriguez: "We are studying those proposals. We are being careful to ensure that the control system will not be more expensive than what we are going to control."

Castro: "You have just proven that no matter how much you do, you will only collect some 200 million in taxes [words indistinct]. Now if we were to implement a general income tax, like the 11- percent you were talking about, the state would receive much more, right?"

Rodriguez: "Yes."

Castro: "It is a lot easier to collect that tax."

Rodriguez: "All you have to do is deduct the tax from the workers' pay."

Castro: "And that represents approximately 800 or 900 million. That is something. So what other taxes are we talking about?"

Rodriguez: "Of those that directly affect the people, the ones we have mentioned are the most important at this time. We are studying taxing other areas, but they do not affect the people, at least not directly. We are studying the possibility of taxing several products, especially cigarettes and alcoholic beverages."

Castro: "Since this has been brought up here, I want all of you to know that in 1970, we established a tax on nonessential products. We solved that famous budget deficit and the excess of money on the streets. It was that tax that did it. However, there is something different that has not been mentioned here.

"Back then, we had an excess of money on the streets, but we did not have that scarcity of merchandise we are experiencing today. Today we have both things: excess money and a tremendous scarcity of merchandise.

[Words indistinct] deficit, but we had things to buy. We had more than enough money. but we had things we could purchase."

Rodriguez: "And we could import goods."

Castro: "The tax on cigarettes and alcoholic beverages basically solved the deficit."

Rodriguez: "This year we should be able to collect some 3.300 billion in taxes on those products. However, we need 600 million more to cover the deficit. This is basically due to the problems that we have had with production."

Castro: "We do not have cigarettes, rum, beer. This effects us. Back in 1970, we had enough beer and cigarettes to satisfy the demand. There is a strong demand for those items. I recall that in 1970, a spontaneous sort of dry law was established. This was because some factories stopped producing. Today we do not have cigarettes. We do not have the raw materials or electricity to produce cigarettes. All that. Continue."

Rodriguez continues: "That is all for taxes. In this initial phase, aimed at removing the excess money from the streets, we do not believe that the tax system would be a significant means of removing that excess money. It would be helpful to the economy. The tax is not only for people, but for the enterprises, including the mixed enterprises. We have other sources, but these are not directly related to the excess money in the hands of the people.

"Now, about the excess money: You asked a question about measures that should be implemented in regard to seizure or exchange of money. I will now tell you what I know about this. I believe we...."

Castro: "Let us take a break here."

Rodriguez: "What?"

Castro: "Let us take a break."

Rodriguez: "If you want to."

Castro: "Let us ask the deputies what they think. Let them tell us their views before you give us yours."

Rodriguez: "About what?"

Castro: "Seizure of money; we want to hear some ideas without putting this matter to a vote. Also ideas about the exchange of money. Ideas as to whether we should give up some of these ideas if your mechanisms do not solve the problem."

At 0250 GMT Ricardo Alarcon is heard to say that there are several deputies who wish to express their views on the subject. The first deputy to speak is Leonel Gonzalez from Cabaiguan Municipality. Castro immediately interrupts him to ask: "How many of you have thought this problem out? How many of you have discussed this problem among yourselves? Be honest and raise your hands. Fine. Those of you who have not thought about this, raise your hands. This does not mean that you agree with the measures. Just if you have thought about this. We cannot ask you to give your opinion; all we want to know is who has thought about this problem and discussed it. Fine. Continue, comrade."

Gonzalez begins to speak about the exchange of money. Castro interrupts to ask: "First of all, in your opinion, what is an exchange?" Gonzalez continues to explain what he thinks an exchange is and what he believes should be done. Gonzalez suggests that the government freeze the money that is in the bank, to which Castro responds: "The money that is in the bank does not affect the phenomenon created by the excess of money on the streets. We have launched campaigns for people to save money in the bank. If a man earned 100,000 pesos and put it in the bank, he is not in the least affecting the situation. The problem is the person who has 100,000 pesos and is spending it on the black market; buying cheaper and selling for a profit. We promote savings. It keeps the money off the street. Inflation and trouble are caused by the money on the streets, not the money that is saved. Many countries encourage their citizens to save as a means to keep inflation down. Let us call the excess of money an inflationary phenomenon. This would happen here if we did not have the ration book for certain articles, if there were free sales. But, you are just expressing your views. As far as you are concerned, you would put a freeze on excess money."

Gonzalez continues to express his views. Next, Ricardo Alarcon recognizes Ramon Fernandez as the next speaker. Fernandez mentions the fact that there are too many workers in certain sectors and suggests that the excess manpower be put to work in other areas or on the land to produce food, to which Castro replies: "Then we start running out of land and we transfer them to Guira de Melena and there are too many people already in Guira de Melena. For the first time, and only since the creation of the UPBC, are we finding that some of these agricultural enterprises are admitting that they have too many workers. What do we do with the excess manpower?"

Fernandez admits to Castro that this is a challenge. Castro asks: "What kind of a challenge—to a sword fight, to a shootout?" Fernandez adds that for these cases, the government has implemented a system to protect laid-off workers.

The chair then recognizes Tomas Pagan who also presents his views on the exchange of money and comments on Jose Luis Rodriguez' statement on outstanding debts among the various state enterprises. Castro interrupts to ask Rodriguez: "We have mentioned the worrisome issue of the outstanding debts among the enterprises. Are these outstanding debts included in the 7 billion utilized to subsidize various sectors? We are not very clear on this. What happens to that money? It is said that it could be a source for shifting of money from one place to another as well as other things. What is clear is that we

must cover those 7 billion and that this represents 54 percent of the deficit. These outstanding debts, as far as I understood, represent losses for the state. When does this represent a loss? Can you tell us how much of those losses have unavoidably been covered by the budget? It would be nice to know how much; whether it is 800, 500, 900 million or 1 billion."

Rodriguez: "We are looking into this. The problem is that we have not been able to...."

Castro interrupts: "When we speak of approximately 3 billion in subsidies to the Ministry of the Sugar Industry [Minaz] and the agriculture sector are we talking only subsidies?"

Rodriguez: "Subsidies."

Castro: "Is this based on bills that must be collected?"

Rodriguez: "Some of it could."

Castro: "Some of it?."

Rodriguez: "Some of it."

Castro says: "You mentioned 7 billion in three years."

Rodriguez: "Yes."

Castro: "But a few days ago the Minaz and Agriculture ministers told us that those two areas received 3 billion in subsidies. What would happen if we cut off all subsidies?"

Rodriguez: "Commander, I will answer that for you. A few days ago we made up a list of the enterprises that are making no profit. If you should cut off subsidies to those enterprises, you would be cutting off subsidies to 69 percent of the enterprises in the country; 31 percent of our enterprises are profit-making and 69 percent make no profit."

Castro: "In other words, we would lose those enterprises. We would have to close them."

Rodriguez: "Well, we either close them or do something else. However, if their subsidies are cut, they would not have the money to operate."

Castro: "We would have to close the 158 sugar mills. They fall under that category. The sugar mills are not making profits. Can we close them? What should we do? What happens if we close our 158 sugar mills?"

Rodriguez: "We cannot do that. What we should do is...."

Castro interrupts: "What happens if we close the Moa and Nicaro mines?"

Rodriguez: "You do not have to do that, but we could do what was done this year. You can stop the operations when it is not profitable to produce for export purposes."

Castro: "Of course, when it is not profitable, but the workers are getting paid."

Rodriguez: "Exactly."

Castro: "And you have to find the money to pay the workers."

Rodriguez: "That is correct. That case is perfectly justified. The only subsidies that are not justified are those allocated to poorly managed areas. Those are the areas we must pinpoint here."

Castro: "Yet I believe that the measures adopted in the area of agriculture will considerably reduce subsidies to that area."

Rodriguez: "Correct."

Castro continues: "Perhaps even more than all you can collect in taxes."

Rodriguez: "Probably."

Castro: "Now tell me, of the subsidies allocated for the sugar industry how much goes to the sugar mills and how much goes to the agriculture sector."

Rodriguez: "This year the agriculture...."

Castro interrupts: "The sugar cane agriculture."

Rodriguez: "In 1994 we are allocating approximately 300 million in subsidies."

Castro: "And the sugar mills?"

Rodriguez: "The sugar mills will be receiving approximately 400 million."

Minaz Minister Juan Ramon Herrera: "In the past, the sugar cane agricultural sector received 600 million. With the [words indistinct] we had calculated 600 million for the sugar cane agriculture. Approximately 400 million are to be allocated to the sugar industry; that involves all the sugar activities."

Castro: "Only a few days ago you told me that subsidies to your area were in the amount of 1.2 billion."

Herrera: "No, it is 1.002 billion."

Castro: "One billion plus 2 million?"

Herrera: "That is correct. Not 1.2 billion but 1.002 billion."

Castro: "And what about the agriculture sector."

Rodriguez: "We have estimated we will allocate this year approximately 300 million to the sugar cane UBPC."

Castro: "By this year do you mean 1993?"

Rodriguez: "No. We do not have the Minaz' 1993 breakdown for the agricultural sector."

Herrera: "Minaz will close 1993 with 1.7 billion."

Castro continues: "You will close with 1.7 billion. And how much did you allocate for 1994?"

Rodriguez: "We suggested a reduction for 1994. We suggested reducing subsidies to the sugar industry, Agriculture Ministry, and UBPC by 800 million."

Castro: "You have already included this in the budget?"

Rodriguez: "Yes."

Castro: "You included the reduction in the 1994 budget?"

Rodriguez: "Yes, we have."

Castro: "That is an adopted measure."

Rodriguez: "Yes, it is."

Castro: "Is it the measure or one of the measures?"

Rodriguez: "One of the measures."

Castro: "Right. Alarcon, this is very interesting. The comrades are talking among themselves about what is being said. [laughter] Listen to them, they are talking." [laughter]

Ricardo Alarcon recognizes Deputy Agustin Delgado who once again broaches the issue of exchange and his opinion of how this problem can be solved. He asks whether anyone knows how much excess money is out on the streets. He believes the "enemy of the Revolution" is encouraging the people to refrain from putting the money in the bank, thus undermining the Revolution. Delgado stresses his trust in the economists to which Castro says: "You do, but I do not. [laughter] Economists frighten me. There is only one thing I know a little about and that is politics. That has been my job, the most important job I have had. I believe that things must be viewed through politics. The ideas presented by the specialists must be analyzed from a political viewpoint. Our best economists are those who can suggest and draft measures with a political meaning. If they are going to propose something that technically may be good, but politically catastrophic, our mission and duty is to stop them and reject what they are proposing. We must combine economy and policy.

"I would like to say as well that I know peasants who have never sold a single pound of their products on the black market and have hundreds of thousands of pesos in the bank."

Delgado: "Commander, but if...."

Castro interrupts: "I know some. Great people."

Delgado: "But commander...."

Castro: "Not all peasants are like that. For the past 20 or 25 years they have been harvesting tubers, vegetables, and potatoes. They are self-sufficient and do not have too many expenses. These are the people who make you stop and think. I wish that peasant's money had a little mark on it. There are some who have much money but who did not earn that money legally. They got the money through manipulations and the black market.

"Now regarding those of you who are advising others to save or not to save, I will say nothing about that. I will not take sides."

Delgado: "Excuse me commander, if that honest peasant...."

Castro: " If we are going to adopt measures, we must not overlook your suggestions and opinions. That would not be correct. I truly believe we should adopt measures, but we have not reached a final decision. We have not covered every single angle. However, we are very interested in knowing what you think about this. It is necessary that we know how each of you feel because this helps us reach a decision on what measures to adopt. This helps create an awareness.

"It is quite obvious that once this meeting has concluded we will leave this meeting place with much more information, a clearer view of the problem. We will know more about the problem than we did when we walked into this hall this morning."

Delgado: "That is correct and this is why...."

Castro: "This is why it is important that we know how you think. However, I also believe that it is too soon for us to commit ourselves. However, it is extremely valuable to learn how you think.

"There is something the people believe in and they are not mistaken in doing so. Above all, the Revolution will protect the interests of the people. That will always come first. The Revolution will leave no one unattended. This is an unquestionable principle." [applause]

Ricardo Alarcon then gives the floor to Deputy Marcia Febles, Trinidad Municipality, Sancti Spiritus Province. Febles reports on developments in her area and her views on the exchange. The chair then recognizes Deputy Raul Gomez Cabrera, who also expresses his views on the exchange of currency.

The chair recognizes Deputies Hector Rodriguez Almaral and Luis Oscar Galvez, who also express their views on the topics broached, in particular the seizure or exchange of money.

Castro then says: "I wish to clarify something. I brought up the issue of seizing money. In 1961 we seized the money in the country and we seized the money of the bourgeoisie. They did not have their money in the banks. Back in 1961 we did not touch the money in the banks; we only seized some of the money, not all of it. I talked about this and exchange because they are two of an arsenal of measures that could be adopted. I also talked about taxes. I wanted to find out about taxes, how much these taxes would yield, how much tax the people would have to pay, how much we would save if the people had to pay for school uniforms, if we did not pay for plastic

surgery operations, and if we did not cover the costs of the special schools for girls interested in taking classes in gymnastics. I do not know how the National Institute for Sports feels about all this. Perhaps we should hear what they have to say about this, about their schools. I imagine they have their own schools, just as the music sector does.

"We wanted to be specific; however, since this is one of the most touchy topics in this arsenal of possible measures, we wanted to discuss it. It is an important topic and we have been [words indistinct].

"You have said something that is true. No country announces currency exchanges; no country announces devaluations. No parliament in the world discusses problems of this nature. I believe this is the only parliament in the world where issues such as these are discussed, as we are doing. We are discussing the issue in front of you, the world, and the press. One must have courage to do something like this. We can do it. But the fact that we can do it does not mean that we will not do it. If we wanted to, we could announce a currency exchange tomorrow. There are ways to do this. We could do it tomorrow and it would cost us only a few dollars. It would be senseless for us to suggest this as one in the arsenal of measures, if it were impractical or too costly. We are discussing this matter from the political viewpoint. We are trying to establish whether or not it is an appropriate move, whether or not it would be a savings. We are discussing the measures' advantages and disadvantages. We are discussing them to get all the information we need, not because it is impossible for us to do. It will also be up to us whether we seize part of the money and leave the rest.

"There are many solutions. What we need is awareness and knowledge. One of the reasons we are discussing all this is because there are many people who want the problem confronted and solved but do not agree with the measures that would solve the problem. As I said earlier, it is very necessary that we have the people's understanding of the measures to be adopted. There is no doubt that the measures adopted must be intelligent measures. We are discussing and questioning because we hope to find the best solution to this delicate problem. This problem is the result of the situation we are experiencing. You must realize that we are looking for solutions to the problem of excess currency under abnormal conditions. The other countries are experiencing normal conditions, yet they are devaluating their currency. Mexico did it. When Mexico devaluated its currency, it was exporting in large quantities, had a lot of oil, and was not experiencing a blockade. Devaluation is the same as seizing currency. The Mexican peso was 12.5 to a dollar, and from one day to another, it went to 250 pesos to a dollar. Devaluation and seizing currency are the same things. Devaluation is a systematic seizure of money and workers everywhere fight for raises. If there is 10-percent inflation, they ask for at least a 9-percent, even 8-percent, raise. As inflation goes up, the workers continue to ask for raises. They get raises, but their wages are really getting cut by 50 percent.

"We do not know what an inflation phenomenon is all about. We have been lucky to have the sacred ration book, the blessed ration book. Perhaps one day, someone will explain how it has been possible for the Revolution to do all that it has done. All that was done has not been based on foreign cooperation alone. Simply put, the people in this country have been the ones who financed the building of schools, roads, and so forth. When we did not have the money to build a hospital, that hospital would be built. Why? Because we had the ration book. Without the ration book, our budget would have required complete balance to keep the prices down. We built thousands of schools, hundreds and hundreds of hospitals, many things, and the liter of milk never went up a single cent. The price of meat and food did not go up. I am talking about that golden era when the products in the ration book were much more numerous than today.

"I have always been aware that the people financed the social and economic development of this country. We did not have a budget; we had no income to build these things. The amount of currency on the streets increased, but the people continued to get their products every month, and always at the same price.

"I never heard anyone in this country ask if we had a budget for [words indistinct] and the people's governments know this. Ever since the people's governments were established, all they have done is build and do things, invent things. Ever since 1976, the people's governments have done everything they wanted to do. However, no one ever asked if the state had a budget for what they wanted to do. They never asked if there was money for what they wanted to do. Just having the plan and the need was enough. Back then we had enough cement, steel, and lumber. The wages, the money to pay those wages, came from the Ministry of Finance. And this had been the case for these past 30 years. Under normal conditions, the people financed all the work done. This was done without inflation. Prices were never freed. Had we freed our prices we would not have been able to do all this. Had we freed our prices we would have had a constant increase in prices. Only as the years went by did the prices of certain products go up.

"Today we are facing a problem similar to the one we had in 1970. There is an excess of money. There is so much money that the people are not interested in money. Many people can live with the wages earned by one member of the family. This also happened in 1970.

"You have talked about encouragement for work done. You should also talk about the need to work. Man works because he needs to work. Excess money results in some people not working because they do not need the money. Others do not work—like the comrade from Trinidad said—because they would rather be self-employed. Another comrade mentioned the risk of all workers in

the crafts sector deciding to become self-employed. However, I have asked the people responsible for the crafts centers about this and they have told me that not too many workers have left. Many workers have grown accustomed to the centers; they get the raw material they need, and they are being taken care of. We must struggle to keep those workers and make sure they stay with us. I believe that gathering up that excess currency will contribute to the people needing work. Encouragement is something else. There is not much material encouragement we can give, but whenever we can, we do give it.

"We are talking about finding a financial balance and solving the problem of excess currency at a time when the socialist bloc no longer exists and our imports have dropped by 78 percent. We are talking about all this at a time when the blockade is stronger than ever, and during the special period. We are talking about all this amid an international economic crisis. When other countries faced similar problems, they did not endure what we are enduring. It is much more difficult for us. However, we are not afraid to tackle the problem. The Revolution demands that we do what we must with the support and understanding of the people.

"I can recall that the cigarette issue underwent much discussion. It was an issue on which we could not agree, so we decided to ask as many people for their opinions as we could. We even asked the people's councils for their views on this and that. The opinion of others has not always been the best solution to our problems. I could mention many things we discussed, and the solutions derived from these discussions turned out to be worse than if we had not discussed them. The decision we made on cigarettes is one of them. The decision we made on cigarettes is one of them. [Castro repeats himself] We found ourselves facing the problem of [words indistinct] find a way to increase the price of cigarettes. We had a standing quota and it was not appropriate. The Executive Council had reached specific conclusions, but when we broached this issue with the commission responsible for organizing the last congress, we could not reach an agreement; we could not get a consensus. It was then that we decided to consult other people, including the people's councils, but no agreement was reached. The truth, the big truth, is that another cigarette quota was implemented. That crazy quota of providing cigarettes to everyone who was 18 years of age and above. But it is impossible to keep an inventory of who smokes and who does not smoke; everyone 18 years of age or older got cigarettes. Since many of those people do not smoke, they would sell their cigarettes. The black market now has more sources. Today we have more sources. Anyone who can get his hands on a pack of U.S.-made cigarettes is a source for the black market. People receive new or worn clothes and sell them here at outrageous prices. Anyone traveling today and bringing back 10 kg of medicine—something we authorized to help those who needed medicine that the State could not provide because it did not have the money to buy it—becomes a source for the black market. All the money that comes into the country today, every single dollar that finds its way to a store, becomes a source for the black market. Anyone receiving $100 can purchase products at the foreign exchange stores and sell those products for thousands of dollars. There are many factors that promote a black market. Excess currency is not the only factor, even though it worsens the problem. There are many factors that promote this situation [words indistinct] evil, a sickness that we have to live with [words indistinct] finding solutions under the most difficult conditions. I believe that what we are doing is the most appropriate, honest, and loyal thing we can do for the people.

"We are only interested in the people knowing what we are doing. Whose understanding do we need? The people's. Those who have illegal money do not know what to do with it. They are being creative with their money. If they get nervous, that is their problem. It is their problem if they do not have a clear conscience. However, the honest people of this country should harbor no worries at all. [applause] [Words indistinct] from the arsenal of things. Adopting some of these measures will represent a sacrifice. If you are going to charge the people for uniforms, that will represent a sacrifice. Perhaps the lady who has 100 pesos will have to buy a uniform. I do not know. Some here have suggested that we subsidize the people without making a commitment to subsidize them. This does not mean that the person who earns minimum wage and must buy uniforms, if uniforms are subsidized, must go to the social security office to get a ticket [preceding word in English] and pay for the uniform. If we were to do this, we would never get rid of our excess currency.

"Taxing of certain articles increases the price of the article. I believe this tax should be applied to nonessential products, but any cut in subsidies would increase the price of essential products. We must check and see how high those prices would be and make sure that the people can still afford to purchase those articles. Any of those measures, such as taxing certain articles, will represent a sacrifice for the people. No matter how minimal the tax, if we implement a general tax, such as the one Jose Luis said was abolished in 1967, it will represent a sacrifice.

"I see no possibility of us straightening out this mistake, this unavoidable mistake [words indistinct] someone's whims. It is precisely the Revolution's basic sense of justice, its basic need to protect the people, the basic need to maintain the rights and achievements of the Revolution, that force us to make sure that no one is left unattended, that not a single recently graduated university student is jobless, that a middle-level technician be jobless. And this is what has led us to this situation. This is nothing new, we could see it coming. It led us into the special period. This situation was unavoidable. Yesterday we were talking about recovering the sugarcane industry. The situations are quite similar. Did someone here whimsically or capriciously cause the drop in production? We were actually attempting to increase our production. We were seeking to produce 10 million [not

further specified]. We were seeking to produce 10 million, using the same amount of land. The drop in sugar production is the result of the special period and as we said yesterday, we are seeking to increase production in accordance with the special period. That is why we kept asking so many questions about land, fertilizer, yields, et cetera.

"However, we must all know that, despite the measures we adopt, it will not be possible to straighten out this situation if we do not solve all the problems first, and everyone must know that we will not be able to solve them immediately. It will take some time to solve all these problems and it will not be possible to solve them without some sacrifice. We must be aware of this and the people must be aware of this.

"We are going to continue debating all this. We are going to continue debating. And there is something else. As I explained before, measures on this subject are already being taken. We cannot wait to have a complete package. It is even possible that it might not be appropriate as a package, but as a group of successive measures inspired by certain specific principles. These are the principles we are trying to define here. We do not have to wait for another meeting. Perhaps we need to meet again just for this, and to continue the discussion. The next time we will be more knowledgeable, will have a higher level of information. Perhaps we can meet for two days and discuss principles. I do not think you would mind meeting here again. I do believe some of the principles have been clarified. Jose Luis talked about measures to be adopted this year in the hope of reducing expenditures. We are working hard to create UBPC's. This should represent a reduction in expenditures. We must work to curb increases. Whatever we can save in the budget is an adopted measure. We must then work on the other measures. We must decide whether we tax certain articles; whether we should implement a general tax; whether we should eliminate certain gratuities, not because they would represent a savings, but rather because they would create an awareness, which must be strengthened in these times. Once we have overcome this situation, we will be much more efficient. We will no longer be thinking of the millions we can make, but will rather create an economic awareness among the people, so they value what they have. Let us wait and see what comes out of this meeting, what the rank and file have to say, what the people have to say about this. I hope our media will report on this broadly, thus helping you and all of those deputies the people will elect in the next election.

"The next time we meet, everyone will have a great deal of information on all these ideas so that we can continue to discuss principles. I repeat, this does not mean that we will not begin to adopt measures as of now, basic and obvious measures aimed at saving. No one is going to object to this. No one will object to attempts aimed at increasing production. However, I can assure you that the efforts we are making are truly desperate efforts aimed at increasing production. Have no doubt about this. No comrade has been sitting with his arms crossed. Everyone is working in all areas to increase production. Everyone is doing his best to achieve this despite the situation.

"It is obvious that we cannot discuss all our problems here. There are many things that must be done with discretion. Marti was very clear when he said: There are things that must be done discreetly or they will not get done because the enemy will sabotage them. There are things we must do, and whatever we do cannot be sabotaged. They [the enemy] will be even less able to do so if the people are aware, if the people understand them [the measures]. We need the people to understand them. We do not expect the people to applaud. Everytime we need to make a sacrifice, the people feel it. And if we have to make certain sacrifices, what we need is for the people to understand them because these sacrifices are unavoidable, sacrifices that we have to make. What we have to attain is the people's support for these policies. That is what we must seek.

"Before the other deputies speak, I suggest that we start thinking about an extraordinary meeting to discuss these issues. I suggest that the meeting be held as soon as possible. [applause] The enemy will then find out if we are or are not brave. The hoarders and peddlers will then realize that they cannot fool the Revolution, that the Revolution is stronger and has more resources than they imagine.

"I do not think we need to take a break. How many more speakers are scheduled?"

Alarcon answers: "Twenty-two."

Castro exclaims: "What do you mean, 22? Ducks do not play 22 in the lottery [en la charada 22 no es pato]." [laughter]

Unidentified speaker: "Frog plays 22."

Castro: "Frog? No it cannot be. Goats play 28? I used to play the lottery. I believe someone suggested the establishment of a national lottery to solve the budget problem. I do not know if they want to include the illegal lottery [bolita] as well. We must respect the comrade's idea. I do not wish to hurt his feelings, I am just citing his idea as an example. When the provincial meetings were held, all this was discussed.

"Alarcon, analyze this idea thoroughly and decide if your deputies need a break, or if they can continue. If you think they want to continue, we will continue, otherwise we will take a short recess so that everyone can make a technical stopover. Then we can continue to talk about all this."

Ricardo Alarcon declares a 20-minute recess. When the meeting resumes, Alarcon recognizes and gives the floor to Carlos Lage who wishes "to make a specific proposal." Lage supports Jose Luis Rodriguez' statement on the amount of money owed among the various enterprises. He asks that a list be made with the names of the

enterprises and the amounts owed by them and owed them for these to be "discussed at the extraordinary meeting."

At approximately 0500 GMT, Alarcon asks the deputies if they wish to speak or would rather wait until the extraordinary session is held. The deputies relinquish their right to speak and Alarcon begins to summarize Castro's views on the various topics, suggesting that all debates be postponed until the extraordinary session. He asks that the deputies study what has been said and be prepared to continue these debates "when we take up the subject again at the extraordinary session."

The second ordinary session of the ANPP concludes at approximately 0520 GMT with the singing of the national anthem.

Haiti

Army Calls for Tolerance, Peace in New Year

FL3012182293 Port-au-Prince Radio Metropole in French 1600 GMT 30 Dec 93

[Text] The Armed Forces general command asks that the cycle of violence created by division be ended. Without naming the serious incidents at the beginning of the week in Cite Soleil, the military institution asks all sons of the country for more peace and tolerance and expresses hope that the coming year will be the beginning of a new era for all, auguring the establishment of a real democracy and a state of law guaranteeing more justice to all Haitians and better prospects for their children.

It should be noted that more than (5,000 million) gourdes have been collected within the framework of humanitarian assistance for the victims of Cite Soleil. Furthermore, the U.S. Government is studying the possibility of a long-term reaccommodation for those people. A protocol of assistance was signed on 29 December between the United States, the Haitian Government, and the health centers.

Chamber President Favors National Conference

FL3012211593 Port-au-Prince Radio Metropole in French 1700 GMT 30 Dec 93

[Excerpt] The president of the Chamber of Deputies is opposed to the project of an international conference in Miami, proposed by President Aristide last week. He also is convinced that this project is not a winner for his other colleague deputies. Let us listen to Mr. Antoine Joseph at Edner Jean's microphone:

[Begin Joseph recording in Creole] I encourage all ideas that allow Haitians to sit together and discuss, whether it is at an international or national conference. However, I think that the political parties in the Parliament should give their opinion on the idea of the national conference, as the invitation was sent to them. If they reject it, then the idea will fail. Right now, many political parties favor the national conference. Some of them have said no. As I had already supported the national conference, I still support it. This is because I think it can embrace more subjects than an international conference. Many people think that the Haitian crisis must be repatriated, and I am not totally against that idea. Let me remind you that the Washington protocol agreement was signed between the international community and partly the Parliament. Although two Haitians signed the Governors Island Accord, it was with the mediation of the international community. What would be better is to have the international community broaden the framework of the negotiations and the search for a solution by inviting several sectors—such as political parties, the labor unions, the peasant organizations, the active sectors of national life, and the social professional associations. All those people should sit together in order to find a solution. [passage omitted] [end recording]

Senate President Addresses Nation on 30 Dec

FL3112171593 Port-au-Prince Radio Metropole in French 1145 GMT 31 Dec 93

[Text] The year is ending in less than twelve hours. This year was extremely difficult for the Haitian people who hope for a different kind of year for 1994. On the occasion of this end of the year, politicians and legislators invade the radios and the press to address the nations. In various messages, those political and parliamentary personalities are calling for a solution to the crisis.

First of all, the Senate president calls on Haitians to overcome narrow concepts and to keep what is essential. In his message, Firmin Jean-Louis asks the various protagonists of the crisis not to consider themselves the unique holders of truth. The president of the National Assembly believes that national reconciliation is still possible in 1994. Here is a summary of this speech, made on 30 December by the Senate president, with Edner Jean:

[Begin recording] [Jean] Of 1993, Firmin Jean-Louis will carry a souvenir of the year loaded with anguish, broken dreams, a country that has reached rock bottom. However, he recalls that 1993 also carried with it the most ambitious dreams—the dream of seeing the resolution of the crisis on the one hand, and on the other, a new start including democracy, a state of law, economic and social progress. It is the opposite, however, that the Senate president observed this 30 December. He noticed among other things the pauperization of the middle class, the annihilition of the country's deprived classes, a phenomenon caused by the worsening of the economic situation.

On the political plane, it is generalized institutional crisis: The state runs on the sly; the Cassation Court lodged an appeal against a decree pensioning off its president; the supreme audit court and its administrative litigation are floundering in an unending internal crisis; the government is basically headless; the parliament is

working administratively, but without political efficiency, notes the president of the National Assembly, before adding that from this absence of a state follows the emergence of nonconventional forces which exercise enormous pressures on the entire society—pressures, threats, and even violent and deadly actions. He takes as proof the latest events in Cite Soleil.

[Jean-Louis] The systematic violations of human rights did not stop multiplying. The most recent and horrible episode would perhaps be the one in Cite Soleil about 72 hours ago. Assured of impunity, individuals, in broad daylight, put the burning torch to more than 200 small houses, leaving fathers and mothers in despair, mourning, and in fear of counting their dead ones.

[In Creole] About three days ago, we know what happened in Cite Soleil, where people set fire to more than 200 family houses. They killed people, and people are so afraid they dread counting the dead bodies.

[Jean] However, he refuses to speak of definitive failure, nor that he sees futility in the painful sight of a nation seeking its way. President Firmin Jean-Louis, and with him the entire Senate, are rather of a constructive, productive optimism, expressing a desire to see Haitians triumph in the concepts of great and small concord, in order to keep what is essential: the reconciliation of the nation with itself.

[Jean-Louis in French] To President Jean-Bertrand Aristide, to Prime Minister Robert Malval and the government's members, to the general command and members of Haiti's Armed Forces, to the leaders and members of the various churches working in the territory, to the political leaders, to the labor unions, the socioprofessional associations, to the students, members of the media, to the representatives of the international community, to the 18 January elected legislators who voluntarily agreed to refrain themselves until the seating of the arbitration committee that we impatiently await, to all of you, Haitian brothers and sisters from here and everywhere in the world, we fervently wish you courage, health, and happiness.

May each of us stop considering himself the unique holder of the historical weight of our founding ancestors. May we be able, Haitians and foreigners, to show restraint in the face of another's opinion. Then and only then will there be a start in Haiti, an era of a state of law and, we hope to see one day [word indistinct] of new times, awaited by all.

[Jean] Through this message at the end of the year, Firmin Jean-Louis showed that he still enjoyed the trust of the other members of the Senate Bureau who all supported his statements, but silently, as if to say that a compromise is still possible between the Alliance and the constitutionalists. [end recording]

Conflict Emerges Between CONACOPP Leaders

FL3012181093 Port-au-Prince Signal FM Radio in French 1500 GMT 30 Dec 93

[Text] There is a running battle going on between the leaders of CONACOPP [National Confederation of People's Organizations of the Country]. According to a communique issued this week by CONACOPP coordinator Cherestal Vanes, he had decided to expel Saurel Beaujour from the confederation because of a lack of harmony between Beaujour and the other members of the organization.

Beaujour in turn accuses Vanes of depositing a check for $600 in his personal account. This Indian wrestling match is taking a new turn.

The latest note from CONACOPP, dated 29 December, signed by nine members of the organization's national secretariat, formally denied the letter from Cherestal Vanes, who had personally made the decision to expel Saurel Beaujour. The communique says that the CONACOPP national secretariat was never aware of the facts mentioned in Vanes' letter. The secretariat asserts that Saurel Beaujour has always had exemplary behavior within the organization, which has not been true of Cherestal Vanes. The secretariat also took this opportunity to announce to the national and international organizations that Cherestal Vanes is no longer CONACOPP spokesman.

Rebels Close Off 3 Towns; Declare War on Army

PA0101185894 Madrid EFE in Spanish 1806 GMT 1 Jan 94

[Text] Mexico City, 1 Jan (EFE)—Rebels from the self-styled Zapata Liberation Army [Ejercito Zapatista de Liberacion—EZL] have taken over the mayoral offices in the towns of Ocosingo, San Cristobal de las Casas, and Las Margaritas, where the rebels have set fires and destroyed the files of the Attorney General's Offices in these three towns.

According to a Mexican television station, the rebel group issued a communique this morning. In the communique, the group proclaims itself a guerrilla movement and declares war on the Mexican Army, which it challenges to fight in the mountainous area of the southern state of Chiapas. So far, there are no reports of any casualties, but the rebels have closed off the entries and exits of those three towns.

Further on Rebel Group

PA0101200694 Paris AFP in Spanish 1908 GMT 1 Jan 94

[Text] Mexico City, 1 Jan (AFP)—According to several sources, a group of Indians rose up in arms today and seized by force the mayor's office in San Cristobal de las Casas in the southern state of Chiapas.

In a communique, the rebels announced the creation of a guerrilla group called the Zapata National Liberation Army [Ejercito Zapatista de Liberacion Nacional—EZLN]. The communique calls on EZLN forces "to advance toward the capital of the country, defeat the Mexican Federal Army, protect the civilian population during this liberating advance, and allow the liberated people to elect their own administrative authorities in a free and democratic manner."

Eyewitness Ernesto Riedwyl told AFP that in San Cristobal de las Casas some 200-300 people took over the municipal palace. According to Riedwyl, these people are now engaged in destroying and looting the building. Riedwyl said: "They are all wearing uniforms with green trousers, brown shirts, and red hats and scarfs. They are also carrying weapons of various calibers, and they have modern radio communications equipment."

He added, "Most of them are Indians, but there are also some white people with light-colored eyes."

According to this witness, the rebellion began at 0230 (0830 GMT) when the rebels took over the Justice Palace, which they burned. Later, they took over the San Cristobal de las Casas Mayor's Office. According to Radio Red, the rebels are also causing "disturbances" in other areas of Chiapas State, which borders Guatemala.

According to reporters, security forces in Chiapas have tried to persuade the rebels to resolve their problems through legal means, but this report has not been officially confirmed.

Declare War on Government

PA0101221094 Paris AFP in Spanish 2010 GMT 1 Jan 94

[Text] Mexico City, Jan 1 (AFP)—An unexpected "declaration of war" accompanied by the violent takeover of three or four municipal offices was launched this Saturday by the Zapata National Liberation Army (EZLN) [Ejercito Zapatista de Liberacion Nacional] in the southern state of Chiapas, which borders on Guatemala and is one of the poorest states in Mexico.

The members of the previously unknown EZLN emphasized in their proclamation, which was distributed among residents and posted on the walls of buildings and the occupied municipalities, that "we are aware that the war we have declared is a last resort, but it is a just one."

In the proclamation, which was distributed in San Cristobal de las Casas, where the rebels seized the municipal palace, the EZLN asserted that "the dictators have been executing an undeclared, genocidal war against our people for many years. That is why we are asking for your determined participation and support for this decision of the Mexican people, who struggle for labor, land, roofs, food, health, education, independence, freedom, democracy, justice, and peace."

"We declare that we will not stop fighting until we attain these basic demands for our people by forming a government for our free and democratic country," the proclamation highlighted.

The information on guerrilla actions in Chiapas, approximately 700 km south of Mexico City, is confusing. There are no details on the number of EZLN rebels participating in the actions, on the results of the takeover of municipal officers, or on any possible victims. It is known, however, that there have not been any confrontations between the rebels and the Army.

The Zapatistas—taken from the name of Emiliano Zapata, one of the most important heroes of the 1910 Mexican Revolution—stated: "We are the product of 500 years of struggle;" we are men "who have not been allowed to have the most elementary training so we can be used as cannon fodder and so they can plunder the wealth of our fatherland without caring whether we starve to death."

"But today we say: Enough! We are the heirs of the forefathers of our nation. We, the dispossessed, number in the millions, and we call on our brothers to join us as the only way to avoid starving to death due to the insatiable ambitions of a dictatorship that has lasted more than 70 years, headed by a clique of traitors who represent the most conservative and turncoat groups."

This is the first time in almost 20 years that an uprising by a Mexican guerrilla group has been publicly known. However, a few months ago there was information that rebel training camps were being established in Chiapas.

The EZLN "War Declaration" states the following six points:

1) Advance toward the country's capital city, defeating the Mexican Federal Army, and allowing liberated people to freely and democratically elect their authorities.

2) Respect the life of prisoners and hand over the injured ones to the International Red Cross.

3) Initiate summary trials against Mexican Federal Army soldiers and political police who have taken courses in foreign countries on "charges of treason to the fatherland."

4) Form new ranks with all Mexicans who manifest their desire to join our just struggle, "including those who, being enemy soldiers, surrender without fighting our forces."

5) Ask for the unconditional surrender of the enemy headquarters prior to combat.

6) Suspend the looting of our natural resources in areas controlled by the EZLN.

The ideological affiliation of the Zapatistas, as well as their real force, is still unknown. However, it is said they are mostly Indians, although an eyewitness told AFP that there are some men with fair skin and light eyes.

Rebel News Conference

PA0201041594 Paris AFP in Spanish 2353 GMT 1 Jan 94

[Quotation marks as received]

[Text] San Cristobal de las Casas, Mexico, 1 Jan (AFP)—"We have taken up arms because we are fed up" because "we have been oppressed for many years and our problems have not been solved," the Zapata National Liberation Army (EZLN) stated this Saturday after issuing "a declaration of war" against the Mexican Army and Government.

At a news conference held in San Cristobal de las Casas, the EZLN's Zone Clandestine Committee [Comite Clandestino de Zona—CCZ] disclosed that the takeover of five mayoralties in Chiapas State in southern Mexico today responds to "the people's needs. They are dying of hunger, and that is why they are up in arms."

In broken Spanish, three alleged Indians of the EZLN explained that their armed movement, which stunned Mexico on the first day of 1994, "is a just struggle, not something crazy."

The spokesmen for the guerrilla group said: "We will not end this struggle until we attain our goal and our demands are met; that is, improvements for the people so they will have no more needs."

The group maintains that the government does not solve their problems and that the rich hoard the land, while the Indians of Chiapas—one of Mexico's poorest, most backward states—lack food, health, and education."

They said that their armed movement, the first to appear in almost two decades in this country, "was created so the Indian people will have the opportunity to choose their government. The people have had enough of electoral fraud. According to the government, we have a democracy, but that is a lie. The people are on a war footing."

An undetermined number of EZLN members partially seized the mayoralties in San Cristobal, Ocosingo, Altamirano, Las Margaritas, and Chanal this Saturday. According to provisional unofficial reports, there are three dead and 18 wounded.

The CCZ members stressed that "we have not come to this city (San Cristobal) to make threats. We respect the people. The Army is the enemy; it is rank and file of the capitalists. We know very well how members of the Army, the public security forces, and the judiciary have been acting against the peasants, teachers, and students who have been repressed with torture and death and who have been made political prisoners."

In its first communique, disseminated by the guerrillas in the towns they occupied, the EZLN ordered its forces to advance to the capital, approximately 700 km north, and defeat the armed forces.

At the news conference, the guerrillas said that in the event that the Army intervenes to suppress their armed uprising, "the Indians have prepared themselves for the war because we know it is for freedom, justice, and democracy."

Chiapas State authorities ordered the public security forces to avoid confrontations with the guerrillas. Meanwhile, the Armed Forces are on the lookout and have limited themselves to remaining approximately 20 km from downtown San Cristobal and to flying over the city with helicopters and planes.

The situation in Ocosingo, Las Margaritas, Altamirano, and Chanal is unknown due to a lack of information from official sources and from the rebels themselves.

[Paris AFP in Spanish at 0104 GMT transmits a report which adds: "The Government and National Defense Secretariats, as well as the Presidency, have not made any comments on the EZLN armed action."]

Links Between Rebels, Clerics Noted

PA0201162294 Paris AFP in Spanish 1145 GMT 2 Jan 94

[Text] Tuxtla Gutierrez, Mexico, 2 Jan (AFP)—An official communique issued today said the government of the Mexican State of Chiapas "has insisted unsuccessfully on its proposal to hold a dialogue" with the Zapata

National Liberation Army (EZLN), which took by storm the mayor's offices in five municipalities.

The communique emphasized that the authorities have requested the EZLN members, who issued a "Declaration of War" against the Army and the Mexican Government on Saturday, to "put aside their violent and belligerent position against the civilian population and the municipal authorities."

A day after the sudden attack by several hundred guerrillas on the Chiapas municipalities of San Cristobal de las Casas, Ocosingo, Altamirano, Las Margaritas, and Chanal, the government said, it is "concerned about the prevailing atmosphere in the municipal county seats," which remained occupied by the EZLN.

At first, authorities indicated that the wave of violence had been unleashed by 200 Indian peasants, but their most recent communique claims that the peasant groups "are infiltrated by people with obvious paramilitary training." The communique added that the infiltrators have "high-powered weapons, wear green pants, khaki shirts, and red and black badges, and present themselves as an organization of presumed liberation forces."

The communique pointed out that residents of the occupied municipalities "have said that some Catholic priests and deacons who uphold liberation theology have become involved with these groups and are supporting them with the radio communications system of the San Cristobal Diocese."

It noted: "The so-called Emiliano Zapata organization is linked to the Revolutionary Workers Clandestine People's Union Party and to the Poor People's Party (guerrillas), and it has forced the Ocisingo radio station to broadcast harangues calling for violence."

The government's communique pointed out that Felipe Arriaga, the bishop of Tuxtla Gutierrez, "has urged these groups to put aside their violent position and regretted that priests and deacons are accused of involvement in these incidents."

In Mexico City, Cuauhtemoc Cardenas, the presidential candidate of the center-leftist Party of the Democratic Revolution, said in a news release that "violence, whatever its origin, only leads to bloodshed, destruction, and greater social backwardness," adding that the government's duty is to inform people about the true situation in Chiapas.

According to NOTIMEX—the official news agency—Government Under Secretary Ricardo Garcia said the Mexican Government is urging peasants in Chiapas to be reasonable and to try to resolve their problems within a legal framework.

Radio Reports Situation

PA0201170094 Mexico City Radio ACIR Network in Spanish 1512 GMT 2 Jan 94

[Text] The most important event featured today in Mexico City's newspapers is the following: An armed group, mostly Indians, the self-styled Zapata National Liberation Army [EZLN]—linked with the Procup [Revolutionary Workers Clandestine People's Union Party] and the Poor People's Party, according to state officials—violently seized on the morning of 1 January the municipal offices in San Cristobal de las Casas, Ocosingo, Altamirano, Chanal, and Las Margaritas, with a toll of at least 11 dead and dozens of injured—three in clashes sustained with public forces—according to unofficial sources.

According reports from state officials, the Indians—according to witnesses, there were about 2,200 of them—were armed with AR-15 rifles, .22 caliber rifles, and shotguns, and they simultaneously stormed the five municipalities. Given the situation, the government secretariat warned it cannot justify the fact that fair social demands, for which there exists a willingness to provide a solution, be used as a pretext to violate legal order.

A Government Ministry communique said the government is urging these groups to act wisely, recant, and establish negotiations within a legal framework. Meanwhile, state officials called these actions a violent provocation. They also ordered public security forces to dissuade the armed groups, making it possible to seek a solution to their demands, which have yet to be stated, through dialogue and legal means.

Given the situation, the bishops of Chiapas State issued an appeal to the EZLN forces to accept the bishops' mediation in an effort to restore harmony and social tranquility in the municipalities involved in the conflict. Furthermore, it is appropriate to mention that contacts are being maintained between federal government officials and state officials in an effort to quickly resolve the situation.

The declaration of war issued by the Sandinist National Liberation Army, excuse me, the EZLN, to the Mexican Federal Army asks the nation's legislative and judicial branches to strive to restore the nation's legality and stability. The EZLN is asking international organizations and the International Red Cross to supervise and regulate the clashes that its forces are waging to protect the civilian population.

The declaration of war rejects any links to drug traffickers, narcoguerrillas, or any other groups when referring to the struggle waged by the EZLN, which has ordered its military forces to advance toward the country's capital, defeat the Mexican Federal Army, and allow the liberated people to democratically elect their own administrative authorities.

This is, in short, what is currently taking place in five municipalities in Chiapas State—San Cristobal de las

Casas, Ocosingo, Altamirano, Chanal, and Las Margaritas—where the self- proclaimed EZLN violently seized the municipal offices and where there is a toll of 11 dead and dozens wounded.

A report issued early this morning by NOTIMEX reports that, after stating the need to contribute their efforts to prevent a possible confrontation involving the people of Chiapas, the bishops of Chiapas agreed to take part as mediators to restore harmony and peace in the municipalities involved in the conflict.

A communique issued by the diocese of Tuxtla Gutierrez and Tapachula, Chiapas State, stated that, in an effort to create conditions that will allow a fruitful dialogue, we issue an appeal to the so-called EZLN, urging it to accept four points. The bishops request an end to violence, respect for people's lives, the release of kidnapped people, and they urge them to put down their weapons, respect the law and human rights, and to take part in a dialogue to resolve social problems.

The bishops' document mentions that, in the event that their proposal is accepted, within the next 48 hours the bishops promise to ask the government to establish an office to handle social problems in the region. The bishops said they have been trying to contact the bishop of San Cristobal de las Casas, Samuel Ruiz Garcia, since early this morning. Their efforts have failed so far, but they add they can count on the solidarity of this diocese's pastor.

The bishops of Chiapas note that their agreement to serve as mediators was prompted by requests they received from different social groups in Chiapas to search for a solution to the problems that have arisen in San Cristobal de las Casas, Ocosingo, Las Margaritas, and Altamirano.

Rebels Oppose NAFTA

PA0201171194 Paris AFP in Spanish 1555 GMT 2 Jan 94

[Text] San Cristobal de las Casas, Mexico, 2 Jan (AFP)—Members of the Zapata National Liberation Army (EZLN) remain in the towns of Ocosingo, and they apparently also remain in the towns of Altamirano, Chanal, and Las Margaritas, after suddenly leaving San Cristobal de las Casas, it was reported on Sunday by media sources.

The guerrilla members, it was confirmed by TIEMPO newspaper in San Cristobal, burned the municipal palace in Ocosingo early this morning and continued to hold their positions in the town as of 0730 (1330 GMT).

The San Cristobal Municipal Police said the EZLN members left the city, the second most important one in the Mexican state of Chiapas, and painted graffiti on the wall to announce they were en route to the town of Rancho Nuevo. A local journalist, however, noted that the announcement was actually "black humor," because the 31st Military Zone is located in Rancho Nuevo and the guerrilla members "will not walk into the wolf's lair."

The EZLN members' graffiti indicated they will continue along their way "to Tuxtla Gutierrez (capital of Chiapas) and there will be no rest." Other graffiti read: "We do not want NAFTA. We want freedom and a legitimate government."

The authorities have yet to issue a report on the situation which prevails in Ocosingo, Las Margaritas, Chanal, and Altamirano, or to indicate if troops are pursuing the guerrilla forces which left San Cristobal and whose whereabouts are unknown.

According to different reports, the toll of the EZLN's arrival is six dead—three in Ocosingo and three in Las Margaritas.

Chiapas, on the Guatemalan border, is located 700 km south of Mexico City, and it is one of the most backward and poorest states in the country and has a predominantly Indian population.

Rebel Leader Blames U.S.

BR0301124794 Rome L'UNITA in Italian 4 Jan 93 p3

[Interview with 'Commander' Marcos, leader of the Indios rebellion in Mexico, by "Gi. Pr." in San Cristobal; date not given: "'It is Better To Die Fighting Rather Than Die of Dysentery'"—first paragraph is L'UNITA introduction]

[Text] San Cristobal—He was one of the few with his face covered and armed with a machine gun. He was the only non-Indios. As he spoke, he took a pipe out of his pocket and slipped it into the opening of his balaclava. He expressed himself clearly as an intellectual would when speaking to simple people. He is definitely Mexican but his accent was unrecognizable. A Japanese-eyed girl wearing a black balaclava stood by his side during the entire interview.

[L'UNITA] Commander Marcos, you captured San Cristobal on 1 January. But who are you?

[Marcos] We are part of the Zapatist Liberation Army [name as published] and we demand the resignation of the federal government and the formation of a new transitional government that will set August 1994 as the date for free and democratic elections. We demand that the principal requests of the peasants from Chiapas for bread, health, education, autonomy, and peace, be resolved. The Indios have always been at war because up to now the war was always waged against them, but now it will be war for the Indios and the whites. In any case, they will have the opportunity of dying fighting rather than of diarrhea, the way the Indios from Chiapas normally die.

[L'UNITA] Have you any relations with peasant political organizations?

[Marcos] We have no relations with any type of open organization, our organization is solely an armed and clandestine organization.

[L'UNITA] Have you sprung up out of nowhere, all of a sudden?

[Marcos] We have been preparing ourselves in the mountains for 10 years now. This movement is not improvised. We have been maturing, thinking, learning, and we have reached this decision.

[L'UNITA] Do your requests have a racial, ethnic connotation?

[Marcos] The managing committee is made up of Tzotil, Tzetal, Chol, Tojolabal, Mam, and Zoque Indios, the principal ethnic groups in Chiapas. They all meet and in addition to asking for democracy and representation, they ask for respect, the respect that the whites have never given them. Primarily here in San Cristobal, the whites [coletos] are very insulting and discriminatory toward the Indios in everyday life. Now the whites respect the Indios because they see them with weapons in their hands.

[L'UNITA] What do you think the government's reaction will be now?

[Marcos] The government's response does not worry us to the same extent that the response of the people, the Mexicans, does. We are interested in knowing what example this occurrence will produce, what effect it will have on the nation's conscience. We hope that something will happen, not only in terms of an armed battle, but in every sense. We hope that this masked dictatorship will end.

[L'UNITA] Do you not put your trust in the PRD [Democratic Revolutionary Party] as an opposition party in the forthcoming elections?

[Marcos] It is not so much in the political parties that we have no faith as in the electoral system. The Salinas de Gortari government is an illegitimate government, the result of fraud, and this illegitimate government can only give rise to illegitimate elections. We want a transitional government that will call new elections but with a contest that is really fair and equal, offering the same conditions to all the political parties. In Chiapas 15,000 Indios die each year from diseases that can be cured. This figure is similar to that caused by the war in Salvador. Here, if a farmer with cholera goes to a field hospital, they send him away to prevent people saying that there is cholera in Chiapas. In this movement the Indios that are part of the Zapatista army want to have talks with their own people primarily. They are are the real interlocutors.

[L'UNITA] Excuse me, but you are not an Indios.

[Marcos] You must understand that our movement is not a local Chiapas movement, but a movement that embraces the whole country. So are the people, who come from other states, as I do. There a people from Chiapas fighting in other places. We are Mexicans and that is what unites us, together with our demand for liberty and democracy. We want to elect our real representatives.

[L'UNITA] But do you not fear strong repression now?

[Marcos] American Indians have been the vitims for repression for 500 years. Perhaps you refer to the sort of repression typical of South American regimes. Well, this South American style of repression is the Indios' daily bread. Ask the Indios living on the outskirts of San Cristobal.

[L'UNITA] What development would you consider successful?

[Marcos] We would like other movements from all over the republic to join ours.

[L'UNITA] Must they be armed?

[Marcos] No, we are making a broad appeal: We are also addressing people from civil, legal, open movements.

[L'UNITA] Why have you chosen 1 January and the city of San Cristobal de Las Casas?

[Marcos] The managing committee made that decision. It is clear that the date coincides with the TLC (free trade treaty), which is a death sentence for the Indios. The coming into force of the treaty represents the start of internationalized destruction.

[L'UNITA] What do you think reaction abroad will be? Are you not afraid that the United States may intervene as it has done in other parts of Latin America?

[Marcos] Previously the United States used the excuse of the Soviet Union; it feared Soviet infiltration in our country. But now, what can it think of a movement that is only asking for social justice? It can no longer think that we are being manipulated by foreigners or that Moscow is funding us, since Moscow does not exist any more: Ask Yeltsin. The Americans must realize that we are fighting for what everybody wants, for what the Europeans themselves wanted. Didn't the people in Germany and Italy rebel against dictatorship? Is it therefore unreasonable for the Mexican people to rebel as well? The North Americans are much to blame for the situation that you can see, the state of poverty of the Indios and their great hunger for justice. The entire social system in Mexico is based on injustice toward the Indios. The worst thing that can happen to a human being is to be an Indios, with the heavy load of humiliation, hunger, and poverty that he must bear.

Leave San Cristobal

PA0201185794 Mexico City Radio ACIR Network in Spanish 1631 GMT 2 Jan 94

[Telephone report by Radio ACIR reporter Maricarmen Camacho from Tuxtla Gutierrez and reporter Jaime Alejo in the Radio ACIR studios in Mexico City]

[Text] [Camacho] From the early hours of this morning, the members of the Zapata Army of National Liberation [EZLN]—who are still occupying Ocosingo, Altamirano, Las Margaritas, and part of San Cristobal—unexpectedly withdrew from the main square of San Cristobal de las Casas.

We talked to local columnist Jorge Paniagua Herrera on the phone, and he told us that the main square was empty and everything seemed to have returned to normal in San Cristobal. However, it is being suspected that EZLN members might be preparing to attack other municipalities. Last night, there were rumors that they might attack the city of Palenque at midnight. We have not received any reports on this yet, and everything seems to be calm.

Here in Tuxtla Gutierrez, we are seeing some Air Force planes flying over, and some ambulances as well. There have been rumors that seven people have been killed, but we have not received any official reports. What is true is that EZLN members murdered the commander of the Ocosingo Judicial Police yesterday. Another three people were stripped and tied up.

In Ocosingo municipality, which is the largest in Chiapas and is close to the Lacandon jungle, the peasants—including some Guatemalans—are still occupying the installations of the state government's radio station. This radio station has a strong signal in the jungle area, and the peasants are using it to broadcast their ideas. It was reported in Ocosingo that the peasants have withdrawn from the square but still remain at some radio station.

Eyewitnesses mentioned that the runway was set on fire to prevent airplanes from landing. Early this morning some shops in San Cristobal were robbed. The situation in the municipal county seats of Margaritas and Trinitarias remains unchanged: EZLN members are still in the area. We talked to some people in the cities of San Cristobal and Ocosingo, where we have only been able to get through by telephone because the roads were blocked until the early hours of the morning. People are very afraid, and they are desperately asking for the government's intervention. According to an official communique, the government is trying to prevent a bloodshed in those municipalities. Do you have any doubts, questions?

[Alejo] Is there any information on the identity of the EZLN leaders?

[Camacho] We have not been able to identify any of the faces that were shown on television. However, it is obvious that the group includes Guatemalans. Precisely yesterday, we were able to watch some recordings from Ocosingo, where they were talking on the radio, and it is obvious that the leaders are not peasants, but rather well-educated people. Their speeches are too well-written. Many people believe there are Guatemalans among the leaders because of the accent among other things. Some of them have tried to cover their faces with stockings to remain anonymous.

The bishop of San Cristobal de las Casas also has been accused of being involved in these incidents, but so far there is no evidence of this. What is true and evident is that there are Guatemalans involved. It is evident because of the accent; we are very familiar with the accents, and we know how the Indians speak. People I have talked to in Ocosingo have said that there are people with features different from ours.

[Alejo] Maricarmen, it has also been said that most members of the armed group are Indians and peasants?

[Camacho] There are peasants from Chiapas, but not Indians, because EZLN members do not speak any dialects. EZLN members include mestizos rather than Indians. There are even youths between the ages of 13 and 18 who are armed, as well as women. Some of the women have been identified as being from the Lacandon area, but they are not necessarily Indians.

Free San Cristobal Inmates

PA0201223394 Madrid EFE in Spanish 2152 GMT 2 Jan 94

[Text] Tuxtla Gutierrez, Mexico, 2 Jan (EFE)—Members of the Zapata National Liberation Army (EZLN) today freed some 120 inmates from the prison of San Cristobal de las Casas in Chiberos, where the rebels have clashed with military forces.

The San Cristobal prison has practically become the line of combat between an as of yet undetermined number of EZLN members and the forces of the Mexican Army, anonymous sources told EFE.

Most of the freed inmates are reportedly Indians, according to the sources. The EZLN is made up primarily of Indians of the Tzeltales, Tzotziles, and Tojolabales tribes.

The sources also reported that the town of Ocosingo northwest of San Cristobal has been virtually cut off after EZLN members blew up the bridges of La Florida and La Virgen at the entrance and exit of Ocosingo.

It was also reported that the San Cristobal de las Casas Red Cross ordered the suspension of its services given the lack of guarantees for its workers.

At least 14 guerrillas have died and some six soldiers and three civilians were injured, two of whom are Red Cross members who were injured when the ambulance in which they were traveling was fired upon.

Occupy Guatemalan Border Towns

PA0301004294 Madrid EFE in Spanish 0000 GMT 3 Jan 93

[Text] Tuxtla Gutierrez (Mexico), 2 Jan (EFE)—News sources have confirmed to EFE that the Mexican Army is fighting Zapata National Liberation Army [EZLN] rebels in Ocosingo, Chiapas State. According to the

sources, the rebels occupied the towns of Oxchuc, Huixtan, and Guadalupe Tepeyac along the Guatemalan border today.

According to reports published by EL TIEMPO newspaper of San Cristobal de las Casas, Chiapas State, fighting began in Ocosingo at about 1500 local time (2100 GMT). There are no reports of dead or wounded.

The Army has intermittently bombarded the town of Ocosingo and there are reports of at least seven separate clashes between Army troops and rebel forces resulting in 14 dead and more than 20 wounded.

Defense Secretariat Bulletin No. 1

PA0301054994 Mexico City XEW Television Network in Spanish 0430 GMT 3 Jan 93

[Bullentin No. 1 issued by the Defense Secretariat in Mexico City on 2 January; from an XEW "Special Report"—read by announcer]

[Text] In light of the events of 30 December 1993 in the town of San Miguel, followed by the events that took place in the predawn hours of 1 January 1994 in which groups of outlaws occupied Ocosingo, Altamirano, Las Margaritas, and San Cristobal de las Casas in Chiapas State, all military personnel assigned to the 7th Military Region were ordered to remain in their barracks. They were to await the results of possible talks led by the state government directed at getting the members of the offensive armed groups to return to lawfulness. At 0700 [1300 GMT] today, after leaving San Cristobal, unidentified troops surrounded and attacked the military camp housing the headquarters of the 31st Military Zone located approximately 10 km southeast of the aforementioned town. At 1330 [1930 GMT] the attacks by said armed groups against the military camp continue. The Federal Attorney General delegate was summoned and ordered to file a report on the events as soon as possible.

Bulletin No. 2

PA0301055594 Mexico City XEW Television Network in Spanish 0430 GMT 3 Jan 93

[Bulletin No. 2 issued by the Defense Secretariat in Mexico City on 2 January; from an XEW "Special Report"—read by announcer]

[Text] Regarding Bulletin No. 1 issued on this date by this section of the executive branch, and as shooting continues in the vicinity of the military camp housing the headquarters of the 31st Military Zone, the personnel stationed there repelled the attacks successfully. The military is taking into account the possibility of renewed attacks against this military installation during the night or predawn hours of tomorrow [3 January]. As of 1800 [0000 GMT], the results of the attack on the aforementioned military installation are as follows: five soldiers dead and six wounded. So far the bodies of 24 attackers have been found. It is thought that the aggressors managed to evacuate their wounded. Additional results indicate that government troops found 41 backpacks containing materiel and the personal belongings of an equal number of attackers. Included in these items were 17 military backpacks, 30 firearms, two two-way radios, several knives, and two smoke grenades. Reinforcement troops moving in from Palenque were attacked in Ocosingo, where fighting continues. It is not known if there are any casualties among the attackers. One soldier was killed and five are wounded. The military are still waiting for the competent civilian authorities to arrive and officially record these events.

Government Bulletin on Crisis

PA0301061494 Mexico City XEW Television Network in Spanish 0501 GMT 3 Jan 94

[Bulletin issued by the Government Secretariat in Mexico City on 2 January; from an XEW "Special Report"—read by announcer]

[Text] Today the armed group that had occupied various municipalities in the region of Ocosingo in Chiapas abandoned the city of San Cristobal de las Casas. The situation is returning to normal in that city under the protection of the Army.

Meanwhile, during its withdrawal, the attacking group has clashed with soldiers and harassed other towns, causing loss of human life and diverse damage. As of this afternoon, the attitude of the federal government and a balance of the events that have taken place in the first two days of the year in the Ocosingo region, Chiapas, can be summarized as follows:

On 1 January the federal government decided to place priority on the protection of human lives. That is why the Army did not act when the attacking armed group occupied the city of San Cristobal de las Casas. Not only did the security forces refrain from acting, but the government made numerous calls for dialogue and a search for peaceful solutions to the situation created by the armed group.

Both the federal government and Chiapas regional and municipal authorities have reiterated their willingness to hold a political dialogue with all organizations and representations of civilian society to normalize the situation in the region.

During the second day of disturbances today, after the attackers left San Cristobal de las Casas, the federal government ordered, on the one hand, that the National Defense Secretariat take measures to defend its installations, and on the other hand, at the request of social groups of the different municipalities of the region and municipal and state authorities, that the National Defense Secretariat itself reinforce protection and security of towns in the area to prevent possible new attacks by the armed group.

In the takeover of the cities of Ocosingo, Altamirano, Abasolo, Chanal del Carmen, Las Margaritas, and San Cristobal de las Casas, the attackers killed 27 people, 24 of whom were local policemen, and three civilians. Meanwhile, during clashes between the armed group and the Army, six soldiers and 24 attackers were killed.

Official on Chiapas Incidents

PA0301060694 Mexico City XEW Television Network in Spanish 0456 GMT 3 Jan 94

[Interview with Ricardo Garcia Villalobos, undersecretary of government, at the Government Secretariat by unidentified reporter on 2 January; place not given; from an XEW "Special Report"—recorded]

[Text] [Reporter] Would you give us a rundown on the incidents in Chiapas State over the past 2 days?

[Villalobos] Yesterday, 1 January, the Government Secretariat issued a news bulletin. I would like to quote parts of that bulletin. Throughout 1 January the Mexican Army and Police refrained from taking any action whatsoever despite the fact that an armed group had taken over several cities in the area of Ocosingo, Chiapas. This armed group is endangering the lives of the residents of these communities, and consequently the state and municipal authorities issue a call for order to be reestablished, for the members of the group to desist, and for a dialogue to be held to find a solution to this situation that is painful for all Mexicans.

Today, which is the second day of the incident, the armed group left the town of San Cristobal de las Casas. The group then carried out an act of aggression by heading toward a military installation and engaging in a clash with the Mexican Army. The military authorities already have reported on this incident. The authorities and the residents themselves of the town of San Cristobal de las Casas and its environs would like this armed group to cease its activities and participate in a dialogue with the authorities. There is a broad offer from all three levels of government—municipal, state, and federal—for the lines of communication to be opened to respond to the specific demands that the group has been making.

On earlier occasions talks have been held with groups from this area. Important steps were taken in August regarding a number of requests that were made quite some time ago, and we believe that substantial progress has been made in the area over the past five years. Nonetheless, the invitation stands for communication to begin with authorities at any of the three levels of government. This is a request from the people of Chiapas, and the municipal, state, and federal authorities are heeding this request with great interest.

[Reporter] In the past few hours there was an exchange of gunfire between the two parties. How many casualties have been registered so far?

[Villalobos] Several casualty counts have been provided over the past two days. I would like to refer to some of them. So far 26 policemen and civilians have been killed; one Red Cross volunteer was tortured and killed; 24 civilians were injured; and one woman was raped. Regarding the clash you mention, which I presume is the clash with the Mexican Army in the area of Rancho Nuevo, the Army itself has already reported that five soldiers were killed and six were wounded. The bodies of 24 rebels were found, as well as a large amount of materiel that the rebels had abandoned. Among the abandoned materiel there are weapons of the type used by the armies of several countries, as well as non-military-issue firearms, knives, and other articles such as two tear gas grenades. This is the result of two days of actions in that area.

[Reporter] What message can the federal government give to the residents of Chiapas at this difficult time?

[Villalobos] This is an unusual situation, of course, so I believe the people of Chiapas know that they should remain calm. Civilian organizations as well as the municipal authorities have asked for more direct action by the Mexican Army to prevent other possible clashes. Consequently, the people should remain calm and follow any instructions given to protect them. We hope that this situation will be resolved shortly.

[Reporter] Would you like to add anything more, sir?

[Villalobos] I would like to ask those who have been carrying out these unusual actions to cease and desist.

PRI Candidate Colosio Comments

PA0301014794 Mexico City Radio ACIR Network in Spanish 0057 GMT 3 Jan 93

[Text] Luis Donaldo Colosio, presidential candidate for the Institutional Revolutionary Party [PRI], condemned today's events in four municipalities of Chiapas State, where members of the so-called Zapata National Liberation Army [EZLN] have staged violent clashes. The PRI candidate said there is nothing to justify jeopardizing the lives of the inhabitants of these municipalities or threatening their peaceful coexistence. Luis Donaldo Colosio issued a press bulletin saying he was convinced that violence is not the way to solve poverty.

The Confederation of Labor Organizations condemned Bishop Samuel Ruiz and his close supporters as well as the armed groups for having acted irresponsibly during the last few days in Chiapas. The organization says that the church has been the main player in many of the confrontations between the Indian community and the government, thus endangering human lives. According to a document issued in Tuxtla Gutierrez, the three Chiapas bishops reaffirmed their willingness to serve as mediators in the conflict between the EZLN and the authorities. In the first point of a communique, the three bishops of Chiapas State, Felipe Aguirre Franco, Felipe

Arizmendi Esqivel, and Samuel Ruiz Garcia, offer their mediation based on the church's moral recognition in the region.

Armed Clash Reported

PA0301013694 Mexico City NOTIMEX in Spanish 0109 GMT 3 Jan 94

[Text] Mexico City, 2 Jan (NOTIMEX)—The Mexican Army reported this Sunday that an unspecified armed group attacked a military garrison near the southeastern city of San Cristobal de las Casas after armed Indians occupied that town on Saturday.

The group sieged and assaulted the garrison of the 31st Military Zone, 10 km north of San Cristobal de las Casas, Chiapas, and according to the National Defense Secretariat, the attack lasted into the afternoon.

In the predawn hours of Saturday, armed Indians of the self-styled Zapata National Liberation Army (EZLN), which was previously unknown, forcefully seized the towns of San Cristobal de las Casas, Ocosingo, Las Margaritas, and Altamirano in that region.

Official reports indicated that the Indians had left San Cristobal de las Casas early on Sunday without clashing with the Mexican Army.

The occupation of the four towns left a toll of three dead and some 14 injured. The Army communique did not report casualties on the attack against the military zone.

The same communique reported that the Army expected "a possible dialogue" with the local government of Chiapas—a Mexican state bordering Guatemala—to see that the "attacking groups" cease their illegal actions and resort only to lawful means.

Former Chiapas Governor Kidnapped

PA0301065994 Mexico City NOTIMEX in Spanish 0633 GMT 3 Jan 94

[Excerpt] Mexico City, 3 Jan (NOTIMEX)—[passage omitted] A group identified with the Zapata National Liberation Army [EZLN] kidnapped former Chiapas State Governor Absalon Castellanos Dominguez in Comitan near the Guatemalan border, according to a report received on Sunday night [3 Jan].

Some 40 armed men captured the former state governor along with his brother and his wife, said a niece of Castellanos Dominguez, a retired major general who governed Chiapas State from 1982 to 1988.

Castellanos Dominguez also served as regional commander of the Mexican Army and director of the Military Academy in the Mexican capital.

Security Heightened in Mexico City

PA0301140694 Mexico City Radio ACIR Network in Spanish 1300 GMT 3 Jan 94

[From the "Panorama Newscast"]

[Excerpts] The civilian population in San Cristobal de las Casas, Ocosingo, Abasolo, Chanal del Carmen, and Las Margaritas face an uncertain situation, fearing new surprise attacks by the so-called Zapata National Liberation Army, which has declared a war on the Mexican Army.

There are scenes of destruction and death today. Members of the armed group are warning they will not remain entrenched. They intend to advance to the central part of the state and the country to demand the formation of what they call a free and democratic government.

The most recent offensive launched by the armed group resulted in the kidnapping of former Chiapas Governor General Absalon Castellanos. Approximately 40 heavily armed men arrived at his ranch in Margaritas municipality. There is still no clue as to the whereabouts of Absalon Castellanos.

Today, the Mexican Army controls the city of San Cristobal de las Casas, which was suddenly abandoned by the rebels who tried to storm the 31st Military Zone's general headquarters. However, the action was successfully repelled by the Mexican Army.

Clashes between the two sides in two days have left 57 dead. The Red Cross has decided not to go into areas of conflict given the lack of security for its humanitarian work. This follows attacks on two Red Cross ambulances in San Cristobal de las Casas, where a rescue team member was killed. The Red Cross is warning it lacks medicine and the necessary material to handle the emergency. [passage omitted]

The Judicial Police and the General Secretariat of Protection and Highways in Mexico City have launched a special security operation which includes heightened security at government facilities, media installations, and embassies. This is being done as a precautionary measure to prevent any surprise takeover.

Church, Civilian Mediation Accepted

PA0301152694 Mexico City Radio ACIR Network in Spanish 1338 GMT 3 Jan 94

[Report by Elizabeth Diaz Otero from the "Panorama Newscast"]

[Text] The Government Secretariat released a press communique in the early hours of today indicating the federal government's attitude toward the mediation of nongovernmental organizations as a means of seeking a rapid normalization of the situation in Chiapas State.

The Government Secretariat announced that Social Development Secretary Carlos Rojas has contacted Catholic and

Evangelical Church representatives to lay the groundwork for talks to resolve the Indians' most important demands.

The federal government accepted the mediation of the church and various civilian organizations in Chiapas State to respond to the social demands of peasants and Indians and to end the prevailing violent situation in the Altos de Chiapas area.

The Government Secretariat issued a communique around midnight stating that Social Development Secretary Carlos Rojas Gutierrez has already contacted Catholic and Evangelical Church representatives as well as area civilian organizations to lay the groundwork for a social agreement negotiating table at which the government intends to strengthen its replies to the most sensitive social demands of the area's peasants and Indians.

El Salvador

Defense Minister Promoted to Brigadier General

PA0101002794 Paris AFP in Spanish 2233 GMT 31 Dec 93

[Text] San Salvador, 31 Dec (AFP)—The Salvadoran defense minister and deputy minister, Colonels Humberto Corado and Roberto Tejada, were promoted to the rank of brigadier general, according to a general order issued by the Salvadoran Armed Forces at the end of the year. The order, dated 31 December, presents the changes as "routine" and also includes the promotion of 23 lieutenant colonels to the rank of colonel.

The general order also contains command changes. Col. Samuel Dolores Cuellar is replaced by Col. Nelson Ivan Zaldana at the helm of the 3d Infantry Brigade stationed in San Miguel Department. Col. Cuellar was appointed National Police director, which, according to the peace agreements signed by the government and the guerrillas last year, should disappear by the end of 1994.

Furthermore, Col. Oscar Edgardo Velasquez was assigned to head the 6th Infantry Brigade headquarters in Usulutan. He replaces Col. Omar Arturo Vaquerano, who was transferred to head Armed Forces Doctrine and Military Education Command (CODEM).

Col. Hernan Martinez is sent to command the 3d Detachment in La Union and Col. Felix Amado Sales is sent to command the Armed Forces Military Engineer Detachment. Col. Julio Alberto Portillo is to head the Armed Forces Military Training Center (CEMFA) at La Union, according to the new order.

The new promotions and appointments announced today are routine and will take effect as of 1 January, official sources reported.

Health Ministry Declares National Emergency Due to Cholera

PA3012124493 San Salvador Canal Doce Television in Spanish 0300 GMT 30 Dec 93

[From the "Up-to-Date" newscast]

[Text] Due to the unstoppable advance of the cholera epidemic in our country, the Health Ministry decreed a national emergency today. Contrary to a report by the deputy health director, Health Minister Lisandro Vasquez Sosa reported that this is the beginning of a new outbreak. Four people have died and 700 have been affected by the cholera bacteria since 24 December.

[Begin Vasquez recording] Medical personnel are on alert at all health centers. [end recording]

Health officials declared the emergency after 700 cases of this mortal epidemic were reported, an epidemic that is again taking its toll.

[Begin Vasquez recording] Today we have a complete laboratory study, and this is why we say that the deaths were cholera-caused. Four people have died and 700 cases have been reported. [end recording]

All this occurred since 24 December when a new outbreak was registered. According to the minister, 95 percent of the cases were a result of food that was handled without taking the proper hygienic measures.

[Begin Vasquez recording] Food was sold in the streets, foods that were improperly prepared and cooked; in fact, there are places where food is sold that are not suited for the handling of food. [end recording]

The health minister said that all of his personnel have been deployed to tend to the increasing cases. He said that it is untrue that hospitals have no more beds.

[Begin Vasquez recording] The hospitals have the capacity to face the problem. [end recording]

The minister said that they foresee another outbreak during the year's end festivities, but this could be avoided if people follow the proper recommendations.

Prosecutor General on Obstacles to Counternarcotics Effort

PA3112200693 San Salvador LA PRENSA GRAFICA in Spanish 30 Dec 93 p 3

[Text] Prosecutor General Romeo Melara Granillo said the lack of a radar system to detect illegal aircraft and the numerous clandestine landing strips left from the war have made El Salvador a "paradise stopover" for drug traffickers.

Melara Granillo added, however, that experience shows that continuous pursuit can lead to heavy blows against drug trafficking, such as those delivered by the Drug Interdiction Executive Unit [UEA] in 1993. The unit reported five major seizures totaling 2.3 billion colones worth of cocaine.

The official told LA PRENSA GRAFICA that "had we not intercepted the drugs, they would have harmed thousands of people, if not in our country, surely in those for which it was bound. This is not only a violation of human rights, but a violent attack against the victims who have fallen into the clutches of this world-wide plague." Melara Granillo believes drug trafficking is primarily an insidious activity in pursuit of absolutely selfish, evil purposes. He acknowledged that drug trafficking is highly profitable but said such economic benefits are immoral.

The Prosecutor General's Office is well aware of its position regarding drug trafficking. It is making painstaking efforts to fight this enemy with the law to see that those responsible are tried and punished with the full force of the law.

Melara Granillo has been prosecutor general for five and one-half months now, during which he has confirmed the seizure of 121.598 million colones worth of cocaine. The drugs were intercepted at El Pulido landing strip in Melara Canton, La Libertad Municipality.

He has also certified the seizure of a second shipment worth 700 million colones at the San Jorge industrial complex on the road to San Antonio Abad in San Salvador. A third seizure took place 42 km off the coast of Puerto Acajutla, Sonsonate, and included a total of 300 million colones in drugs.

The prosecutor general pointed out that never before has there been such a relentless pursuit in El Salvado but added that there are many clandestine landing strips remaining from the war. There is no radar system to detect illegal aircraft. Melara said "this is a paradise stopover that the armies of drug traffickers have taken advantage of, because they have the technological and economical resources to operate in countries such as ours."

He indicated that despite all the institution's efforts, it still faces serious financial and personnel limitations when the ideal scenario would be for it to grow so as to face the challenges of 1994.

Guatemala

Army Denies Ties to Gunrunning From El Salvador

PA3112223093 Panama City ACAN in Spanish 1601 GMT 31 Dec 93

[Text] Guatemala City, 31 Dec (ACAN-EFE)—The Guatemalan Army denied today that Guatemalan military personnel have ties with the gunrunning activities from El Salvador, as has been reported by a leader of the former guerrilla Farabundo Marti National Liberation Front (FMLN). Major Edith Vargas, spokesman for the Information and Press Department of the Army (DIDE), asserted that the Guatemalan Armed Forces obtain their weapons "legally" and not clandestinely.

Eduardo Linares, former guerrilla and now a political leader of the FMLN, accused, in statements to the Guatemala City PRENSA LIBRE newspaper, the Guatemalan military institution of being primarily responsible for the gunrunning activities. According to Linares, on one occasion the FMLN had bought an arsenal from Guatemalan military personnel. However, Major Vargas asserted that the former guerrilla "is totally misinformed."

The Guatemalan Army has charged the FMLN of gunrunning for the Guatemalan National Revolutionary Unity (URNG). Furthermore, Deputy Government Minister Adolfo Reyes accused the FMLN of being involved in criminal activities in that Central American country and said "we have evidence" to this effect. Recently, Guatemalan Interior Minister Arnoldo Ortiz and Defense Minister General Mario Enriquez said they suspected former FMLN members were involved in the abductions that are occurring in Guatemala to collect ransoms.

UK Confirms Withdrawal of Troops From Belize

PA0101002894 Paris AFP in Spanish 1805 GMT 31 Dec 93

[Text] Guatemala City, 31 Dec (AFP)—The UK Embassy in Guatemala today confirmed that the Belizean Government will assume responsibility for its own defense as of 1 January 1994, and announced that it had started the "immediate" withdrawal of the UK troops stationed in that country located in the Central American isthmus.

Lourdes Taylor, the UK Embassy's cultural attache, asserted that the process will be completed by September 1994. She added, however, that a small UK military detachment would remain in Belize to operate a jungle training installation. "This action (the troop withdrawal) reflects the UK Government's trust in the much-improved relations between Guatemala and Belize and the determination of the governments of both countries to resolve their bilateral differences peacefully," Taylor asserted.

The official's statements alluded to Guatemala's historic claims to Belizean territory. The tone of those claims eased after former Guatemalan President Jorge Serrano recognized Belizean independence in 1991.

AFP talked on the phone to the spokesperson of Prime Minister Manuel Esquivel in Belmopan, and he explained that the UK troop withdrawal will be a gradual process, which was planned over the past seven months. It will be "a change of style in UK assistance" to Belize, Carlos Perdomo, who is Esquivel's private secretary, asserted. The official added that after the approximately 1,800 soldiers leave Belizean territory, the UK will maintain 100 military advisers to operate a special training school and that a changing number of UK soldiers will come to be trained at that school.

Last week, Prime Minister Esquivel stated that the frequent raids by Guatemalan soldiers on Belizean territory could be "a bad sign" and indicative of a possible invasion. Guatemalan authorities denied this possibility. Perdomo disclosed that there is no "immediate" fear that the Guatemalan Army will take advantage of the UK troop withdrawal to take their demands by force.

The prime minister's statements, explained his secretary, were triggered by the fact that Guatemalan opposition sectors have insisted on disavowing all the actions taken by former President Serrano, including his agreements with Belize, and declared them as unconstitutional. "If an opposition government sets in, it is possible that it will act differently from Presidents Serrano and (current President) De Leon Carpio have acted. This was the reason for the prime minister's statements," he added.

Belize obtained its independence from the UK in 1981, but UK troops have remained on the territory as guarantors of its territorial integrity. Ten years later, when it recognized Belizean independence, Guatemala renounced a large part of its demands for the territory of the young nation. It, however, maintains its intentions to negotiate a passage to the Caribbean sea through the Belizean Province of Toledo. Guatemala already has access to the sea in the extreme southeastern part of its territory. Negotiations for the opening can only be initiated when the recognition of Belizean independence is ratified by a referendum in Guatemala.

Honduras

Ombudsman's Report Links Officials to Disappearances

PA3112133093 Tegucigalpa EL HERALDO in Spanish 30 Dec 93 p 3

[Report by Leonarda Andino]

[Text] With tears in his eyes, National Human Rights Ombudsman Leo Valladares yesterday presented his "Preliminary Report on Missing Persons in Honduras From 1980-93." The report, which is subtitled "The Facts Speak for Themselves," claims the Honduran state, the Armed Forces, and the Nicaraguan contras are responsible for the forced disappearance of people in the country.

The much awaited report contains a provisional list of 184 disappearances. This figure is higher than the 143 forced disappearances registered in the files of the Committee of Relatives of Missing Detainees in Honduras (Cofadeh).

Although names of people directly involved in these horrible crimes were not revealed, the ombudsman pointed out the importance of the state's acknowledgment of the existence of forced disappearances. So far, the Armed Forces and other institutions have refused to grant access to their 1980-93 files.

Valladares said: "The ombudsman did not want to find what he did as he reviewed the sad pages of our recent history. We would have preferred to tell the country that there were no disappearances. We would have preferred to report that officials of state institutions were never involved in disappearances."

In a melancholy tone, he added: "We would have preferred to say that torture was never practiced in Honduras. Nevertheless, the reality we discovered was terrible. Regrettably, there were indeed disappearances, and, unfortunately, civilian and military authorities were responsible or remained silent."

This is an important moment in my life, Valladares said, after presenting the historic document that had been handed over on the evening of 28 December to President Rafael Leonardo Callejas and on the morning of 29 December to President-elect Carlos Roberto Reina.

The most revealing part of the document contains the ombudsman's recommendations. The report states that in the country there were disappearances because there were people willing to carry them out. It demands that justice officials start an investigation to clarify the specific responsibility of all those mentioned in the report as masterminds and perpetrators of the disappearances.

Based on this, commanders or officers in charge of staff intelligence units, known as the G-2, must be investigated. Special attention must be given to those units in charge of fighting subversion between 1980 and the present. The commanders and officers of Intelligence Battalion 3-16 also must be investigated. Others who must be investigated include the directors of the National Investigations Directorate (DNI), formerly known as Department of National Investigation (DIN). Officers and people in charge of interrogation operations, such as the Special Operations Team of Intelligence Battalion 3-16 and the so-called Special Investigations Detachment of the Public Security Force (Fusep), must also be investigated.

As for Armed Forces Commander Luis Alonso Discua Elvir, who was not in the country on 29 December and is accused by popular organizations of having been the head of the fearsome Battalion 3-16 during the time of the disappearances, the ombudsman pointed out that Discua, as a soldier, is obliged to publicly explain his actions before the Honduran people.

Valladares said: "The facts speak for themselves. Nevertheless, even though Colonel Discua Elvir was chief of Battalion 3-16 and Mayor Juan Blas Salazar was DNI chief, we should not presume they are responsible, because we are not judges. The ombudsman conducted an investigation that he has presented to the authorities, and they are the ones who should implement the proper measures."

The ombudsman said he will place the report in the hands of the state prosecutor, adding that the Public Prosecutor's Office will be urged to act within a year of receiving the document.

Valladares added: "Forced disappearances were at least tolerated, whether through action or silent neglect, by the country's political and judicial authorities. There is evidence of responsibility of members of the Honduran Armed Forces and the Nicaraguan contras in the disappearances, especially in cases involving foreigners."

The ombudsman praised the work done by Honduran media, because they were the only media in Central America that denounced the disappearances in Honduras.

As for the Judicial Branch, Valladares said it was characterized by its failure to fulfill its duty of protecting

Honduran citizens. "The impunity of the authorities, in the absence of an investigation, was a factor that fostered these crimes," he added.

In his report, the ombudsman also makes a number of recommendations to the Honduran state, including its duty to recognize damages done to the victims and their families and the need to grant reparations via a special commission. It also recommends the creation of a central registry of arrested people that would be under the Public Prosecutor's Office and would be open to everyone. The report also calls for the approval of a special law on those arrested, specifying their rights and responsibilities.

Valladares pointed out that the Honduran state must ask the governments of the United States and Argentina to provide information on the identity of people who were working in the country at the time of the disappearances, and, if need be, locate and extradite members of the Nicaraguan contras.

It also recommends the establishment of a commission to locate clandestine cemeteries and the construction of a monument bearing the names of all those who disappeared as a symbol of Honduras' vindication before the international community.

When asked whether he felt any pressure or fear, Valladares said absolutely not. He added: "I actually met with silence and have felt lonely. I have no fear. This is the truth. If not being afraid is a crime, there is no hope for our country."

Armed Forces Spokesman Comments

PA3112141393 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 30 Dec 93

[Report by Romulo Matamoros from "The Morning Paper" newscast]

[Text] Through Lieutenant Colonel Napoleon Santos Aguilar, Armed Forces public relations director, the Honduran Armed Forces has commented on the report issued by Human Rights Ombudsman Leo Valladares Lanza. Regarding the recommendation that the files on people arrested by the Honduran Armed Forces be opened, he said:

[Begin recording] [Santos] I am going to tell you something: Leo Valladares never said that. Valladares said that at one point he requested some information that definitely reached him a little late. That is what I understand.

[Unidentified reporter] But when he says he would rather have you provide this information, this tacitly means that you did not want to give the information to him.

[Santos] Look, there was an exchange of some letters. I understand that his letters were answered by Colonel [Herbert] Munguia and by the general auditor of the Armed Forces. Some information was provided to Leo Valladares by the chief of the Armed Forces. [end recording]

The public relations director was asked whether the Armed Forces are willing to provide information regarding the possible participation of Armed Forces members in cases of missing persons.

[Begin Santos recording] Look, there is something basic in all of this. We definitely understand and acknowledge the work of Leo Valladares. If there have been some misunderstandings, I think it has been strictly due to a lack of communication.

I understand this is a report that was presented to the Honduran president by the human rights ombudsman. Valladares has compiled a large amount of information, and he requested that legal steps be continued to once and for all resolve the problem of missing persons. We, the Armed Forces, are waiting to see the report. I think it would be hasty on my part to give you an official opinion on the report because I know that you are just now reporting on it.

We are obviously part of this country's Executive Branch, and legal channels must be followed. We will wait and see what the courts will do, because they are the appropriate institutions to deal with this. [end recording]

Santos Aguilar justified the current Armed Forces chief's absence from the country. He left yesterday before this report was presented. In the report, he was mentioned as head of Battalion 3-16 in 1984.

[Begin recording] [Santos] Like I said, if General Discua is not in the country, well... [pauses] As members of the military, we divide our activities into two groups to avoid neglecting our responsibilities in the country. I understand that the commander in chief was here up until yesterday, which was the day when the individuals who were to take over today reported for duty.

At this time, General Andino, chairman of the Joint Chiefs of Staff, is acting as head of the military institution.

On another topic, I heard Leo Valladares' recommendation on the appointments of some officers. You can be sure that whenever any individual is summoned by the courts, the Armed Forces will have nothing to hide.

[Reporter] When you say the Armed Forces are under the Executive Branch, does this mean that the next administration will have to decide whether those who led these battalions are responsible for the cases of missing people?

[Santos] No, I am not saying that. I am speaking about strictly legal aspects. The Armed Forces are part of the country's Executive Branch and appropriate channels exist through the president for specific situations.

[Reporter] As members of the Armed Forces, how willing are you to turn over to the courts individuals who are linked to the cases of missing persons?

[Santos] Let us wait and see what the courts of justice say in this regard. [end recording]

Deputy Decries U.S. Position

PA3112164793 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 30 Dec 93

[From the "Morning Paper" newscast]

[Text] Carlos Sosa Cuello, PINU [Innovation and Unity Party] deputy has charged that the U.S. position of supporting the clearing up of missing persons cases in Honduras is hypocritical because the people in Washington originally promoted and fostered this type of criminal action. Meanwhile, Sosa fears that actions may be taken against witnesses in these cases after the release of the preliminary report by Human Rights Ombudsman Leo Valladares. The report could revive the memories of the violent actions that led to more than 100 missing persons.

This morning, Deputy Sosa levied serious allegations against the U.S. Government, saying it is greatly responsible for the more than 100 disappearances during the 1980's. Likewise, he insinuated that a controversy could arise between the relatives of the missing persons and those accused of being responsible for the disappearances. Here is what Deputy Sosa Cuello said:

[Begin recording] [Sosa] I think the United States, specifically the Reagan administration, had a leading role in this matter. They trained our forces; they armed the Honduran forces; and they trained them in torture, interrogation techniques, and methods that led to the disappearance of people. Now, from Washington, they have the gall to cry out, as if horror-stricken, in favor of human rights. Only a decade ago, these very rights were violated under U.S. instructions, encouragement, and support. The United States almost demanded this. This is typically hypocritical of the empires that preach one set of morals and practice another. This is very characteristic of the Calvinist moral system: It upholds success as the only human goal, regardless of the means or mechanisms used in achieving this success. It has a philosophical antecedent in Machiavellianism; it is typically Calvinistic and Protestant; it is very characteristic of this empire's moral values.

[Reporter] What they applauded before, they now reject, right?

[Sosa] Concerning what they fostered and demanded before, they are now horror-sticken. On certain occasions it is the very same actors who participated.

[Reporter] [words indistinct] in this case the U.S. empire.

[Sosa] This is what they call political pragmatism. It is the securing of results as the primary goal of men of state. This is not true. The means should be in keeping with the ends to allow our actions to ethically respond to the goals for which we are fighting. One cannot champion democracy and liberty by murdering or, even worse, by fostering murder and then subsequently appearing horror-sticken by what one has fostered. To me, this is philosophically and ethically unacceptable.

[Reporter] Who is more guilty, the United States or the Hondurans who were in power at that time?

[Sosa] I think we Hondurans should place historical and not criminal responsibility on those who held high-ranking positions at that time in our nation. It would be wrong for us to judge the foreigners without first judging our own people. When I make this statement regarding the imperialists' hypocracy, I do this from an Honduran point of view, and I am doing this in an effort to prevent this from ever happening again in Honduras.

[Reporter] Do you not fear that this report will create discord between the two sides?

[Sosa] I would like this report, its final conclusions, and the actions that the attorney general—still unknown to us as of this time—could or not take to put an end to this chapter. I would like this report not to refresh memories of an era that we Hondurans should forget, precisely so that it is not repeated and not relived.

[Reporter] What does this refreshing of memory mean?

[Sosa] It means the possibility of leaving the door open—a green light, so to speak—for actions against possible witnesses, against possible depositions, or that this could be used by certain sectors against their adversaries.

[Reporter] Currently, are there threats between the groups?

[Sosa] I hope not. I hope that the investigations, the legal actions, and the meaning of the amnesty granted by Congress will put an end to the situation and create one in which the Honduran state has greater interest in compensating the relatives and descendants of these victims of violence than in seeking revenge. We should do more to educate the children of the missing persons to guarantee them a future instead of procuring vengeance, which is one of humanity's basest emotions.

Nicaragua

Daniel Ortega Issues New Year's Message

PA0101140594 Managua EL NUEVO DIARIO in Spanish 31 Dec 93 p 4

["Text" of New Year's message to the people of Nicaragua by FSLN Secretary General Daniel Ortega Saavedra; issued in Managua on 31 December]

[Text] Nicaraguan brothers: With the Christmas festivities and the farewell to 1993, the Nicaraguan people must meet 1994 with hope.

Wise principles tell us: "When a society is in order, a single fool cannot alter it." Nevertheless, "when a society is in chaos, a sole wise man cannot order it." The latter is our reality. The country is becoming more chaotic every day, and, in 1994, we cannot and should not continue to think that the solution to our problems lies exclusively in the hands of the government or in the head of one of the many political, union, or guild leaders.

We have to start being responsible and start accepting the fact that the way out of this chaos has to be reached by each and every Nicaraguan who lives, dreams, and struggles in this small country of lakes and volcanoes.

We must nourish our faith, and we must hope for a better future for the people of Nicaragua. We have to respect one another and listen to what we are saying, and we need to look for the positive aspects in each other's words. We have to foster trust and not see ourselves as enemies, let alone allow ourselves to treat one another as enemies. We have to make a real and deliberate effort to achieve reconciliation with deeds rather than with words. It is true that our country is small, but it has resources and riches which, if rationally exploited and justly distributed, will bring wellbeing to all Nicaraguans.

To promote the citizens' trust and faith, the government must listen to the demands made by the different sectors in Nicaragua, and it must comply with the commitments it has made and still has not kept. The government must be the first to respect the Constitution and the laws to strengthen the state of law.

The government must realize that we live in a period of transition and that it has the duty of advancing joint decisions, especially those related to economic policies when they refer to negotiations with international organizations.

UNO [National Opposition Union] politicians and Cosep [Higher Council of Private Enterprise] members: We must find a solution. The boards of the UNO political parties and producers guilds, such as Cosep, must take into account that we must all find a way out of the crisis. This requires a great deal of maturity, flexibility, and understanding. We have to understand that the search for solutions to the crisis should benefit everyone.

There is a great distance between preaching and practicing democracy—a distance as great as the one between heaven and hell. The challenge confronting all Nicaraguans is that we have to make tangible the democracy we have been preaching since last century. To this end, it is imperative that we conduct a true national dialogue. In turn, the Sandinists today are issuing an open invitation to a national dialogue, because we are convinced that this is the only way to find solutions to our problems in the areas of jobs, housing, health, food, and education, and that such a dialogue can lead to economic stability and peace.

In the month of January 1994, we call UNO leaders to have all their deputies join the National Assembly, which will abide by the Constitution and will promulgate laws to favor the people, workers, and producers.

Elections will be held in the north and south Atlantic autonomous regions in February 1994. The Sandinists have faith that this event will strengthen our country's democracy. We have promised to support and promote the candidacies of regional leaders and hope the Atlantic region residents will decide to vote in a favorable manner and demand that the elected candidates be honest and efficient in their administrative efforts.

The year 1994 is the 15th anniversary of the victory of the revolution; it is the year of the 60th anniversary of the murder of Sandino; and it is the year of the special FSLN Congress.

Sandinists must take bold initiatives to strengthen democracy within our organization. We are obliged to act with a broad mandate to add members, affiliates, and followers to the process of debating the modernization of the FSLN program and bylaws.

Sandinists have the moral commitment to unite and gather around principles, programs, and bylaws that will make our organization a democratic and disciplined front committed to the causes and ideals of Sandino. This demands that we rescue the zeal of Sandino's small peasant army, of the FSLN guerrilla detachments, and of the thousands of brothers who gave their lives for the freedom of our fatherland in combat against the Somozist dictatorship and in the heroic resistance of the people against imperialist aggression. This means that we must again take up the zeal of the teachers, coffee reapers, and thousands of brothers who have been present in all the tasks that the fatherland has demanded for its defense.

In this way we will guarantee a renewed and modern FSLN, which without losing its grass-roots support, will be the hope of the impoverished majority, as well as be the best alternative to achieve peace, prosperity, and democracy for all the Nicaraguans.

Nicaraguan brothers: Receive the FSLN's and its National Directorate's affectionate salutations and our best wishes that 1994 be the year in which we will all contribute to the stability of our fatherland.

[Issued] Managua, 31 December 1993

EPS Chief Discusses State of Army, U.S. Ties

PA0101170794 Managua Canal Cuatro Television in Spanish 0300 GMT 31 Dec 93

[Interview with EPS Commander in Chief General Humberto Ortega by Manuel Espinoza at the Canal Cuatro studios in Managua; from the "Extravision" newscast—live]

[Excerpts] [Espinoza] Thank you, General, for being here with us. I think this is a wonderful opportunity for us to chat a little about what the Sandinist People's Army [EPS] has achieved up until now, especially during 1993, and to hear your opinions as a military and political leader in this country. I would first like you to give us your view of the country's current situation and what you see... [pauses] how you evaluate 1993 for the EPS?

[Ortega] First, Manuel, allow me to thank you for your invitation here today—just a few hours away from year's end—and I also want to thank the rest of the people who work on "Extravision." I think this is a good opportunity to point out a few things that I believe are very important to give the Nicaraguans an awareness about what is going on in our country.

As I see it, this has been a crucial year, as far as the achievements we have made toward the peace for which the Nicaraguan people have been striving for so many years. Ever since our struggle began—and I remember a time in your life when you were a student and a member of Patriotic Youths in the 1960's—and even now, the Nicaraguan people have been so very eager for peace. This peace has cost us blood, sacrifice, and destruction. Today, I can say that this year we managed, in many ways, to prevent several groups, who took up weapons for different reasons, from taking control of political space, as well as moral space. These were the recontras, the recompas, and the revueltos that operated in various places around the country.

[Espinoza] In terms of these groups, approximately how many people are there still in arms?

[Ortega] The important thing is that there are no longer any organized expressions or organized groups with any significant degree of political support, either foreign or domestic. This is over and done with. I think that if you were to carry out a survey right now and interview the country's major political figures, you would not find a single political or economic spokesman or figure here willing to give even the least bit of support for any such organized armed expression in any part of the nation—whether this expression comes in the form of recompas, recontras, revueltos, or whatever else you may want to call it. This is the most important thing: These groups have been denied that space.

[Espinoza] Has war, as a form of struggle in Nicaragua, ended?

[Ortega] What ended was the organized expression of illegal armed groups. Now, what is left? We believe there are some 600-800 men dispersed in groups of no more than eight to 12 each; this is what is left of the larger groups that were located at the seven designated enclaves. About 80 percent of the forces that were organized as recontras and recompas have entered into normal civilian life following the amnesty bill. There is a minority left that we have been fighting for the past few months. As you well know, we have met with the coffee growers and dairy farmers associations. These farmers have asked us for a more active presence of the authorities to control extortionists, kidnappers, and highway robbers—in a word, all those you already know about.

[Espinoza] The farmers have asked for greater presence and protection from the EPS in the fields to secure the harvest and safeguard the workers. There are certain political sectors who have criticized this presence. We recently heard accusations from the director of LA PRENSA and all that followed, including demands for the EPS to retreat. What would happen if the EPS pulled out of the area completely?

[Ortega] We have retreated to our bases and are continuing with our regular academic and combat training exercises—things that any army needs—and we are continuing our protection operations in support of the production work, which is directed at instilling order and stability in the fields. This is vital for Nicaragua.

If there is no stability, there will be no production. Without production there is no economic activity, and without economic activity we cannot fight poverty. Poverty and unemployment will only end when the economy truly begins to move, which in turn will move production. To manage this, however, it is crucial that we bring stability to the fields.

If we retreat, these small groups will become thousands. This is why we cannot leave the fields. It is our constitutional duty and it is our nature, as a military institution, to go where there is instability to create stability. We cannot retreat. As I have pointed out in the past, to try and make the Army disappear is to tell the Nicaraguans that we want more instability and more war.

It is important to realize that ours is a national army. It is no longer an army submitted to a political party, as it was in the past. In the past, we were a direct expression of the Sandinist National Liberation Front, a party. It is no longer that way. We know it is important to be an institution of the Nicaraguan state that serves all Nicaraguans, regardless of their political, ideological, or religious position.

[Espinoza] Has the Army's behavior in the countryside been suitable, or will you take a look into that?

[Ortega] Mistakes and errors can occur in our actions, like in the actions of anyone. There have been problems—scores of cases—that the military authorities have been working on and are duly examining to punish those who have committed abuses, as I have pointed out. Errors have been committed, but this does not mean that

we are a genocidal army like Somoza's army, which indiscriminately bombed towns. There is a big difference.

I have told Cardinal Obando y Bravo that if he had reported in a more careful and constructive way that EPS operations had endangered the people of the town of Juanito, we would have listened to this call and would have told him that we would take into account his observations and act more carefully in the future. The problem is that a campaign was waged against something that had not occurred—namely, genocide. This kind of campaign does not help make things better. Efforts aimed at removing the EPS and replacing it with another is like telling the Nicaraguan people that there will never be peace here.

The truth is that if the EPS were to disappear, which is what some people want, we would end up having not one but 10 or 20 armies, because each side will be full of distrust and people with diverse ideological and political positions will have their own armies. This would be a mess. We would have anarchy.

[Espinoza] Do EPS actions result from EPS initiatives, or does the Army fulfill government orders?

[Ortega] We have immediate response mechanisms. If pirates from the north or the south violate our waters, our seas, we do not have to ask anyone for permission to take action, and the Navy does not have to ask me for permission either. The Navy has to stop pirates from stealing our shrimp and lobsters and from working against our national wealth.

Likewise, in the countryside there may exist groups kidnapping and killing others. We have coordination plans with the Government Ministry and police to support our operations. This means we already have guidelines. At a higher level, we met with the Presidency in January of last year, and we agreed on the general guidelines of plans to fight armed subversion.

[Espinoza] General, is it true that you do not want to leave the Army, your post of Army commander?

[Ortega] That is completely false. In November, we presented a draft bill to reform the current military law. The bill covers everything related to the military career and my presence.

The problem is not whether or not I want to leave. The fundamental problem is the precedent that will be set. We, and I in particular, want for the Army to be supported, as soon as possible and in the framework of its professionalization process, by a new law in order that military processes are duly respected by the various national governments that may exist in the future. This institution should be seen as a permanent institution of the Nicaraguan state, and it should not depend on government changes that could take place every six years. Otherwise, the institution will be weakened and suffer greatly.

I am prepared to leave my post. I think I have played a specific role in the formation of a national army which had never existed in Nicaragua's history. The EPS is being consolidated in an irreversible fashion. All we need is the law on the Army. The law needing approval duly establishes when I am to leave. Most important is this: I will leave because of a civilized and modern institutionalization process and not because of foreign pressure or because of the whims of people who not only want me to leave, but also want to put an end to the Army and to humiliate us. This is what we cannot accept.

[Espinoza] If this law were approved in 1994, would you leave in 1994, as the president has said?

[Ortega] It is most important that my retirement be a true consequence of the Army's institutionalization and modernization process and not result from moments when polemics existed because of pressure, or result from a lack of understanding, or from situations we do not want to encourage. The date of my retirement is not important but, rather, how I take this step without going against the principles, the dignity, or, especially, the pride of the Army, which cannot be subjected to foreign pressure or to whims.

If an agreement were to be reached and my departure covered by a legal framework, then this would prove to be a decision made by the Nicaraguan people and not the product of foreign pressure. My departure would then be an expression of maturity. This is why the way in which this law is discussed is important. It is also important that our character is evident during an appropriate and honorable departure, which is what we want.

[Espinoza] Let us suppose that these conditions are not met in 1994 and that you, because of what you have explained, do not retire. Would that not be the same as disregarding the authority of the president, who has insisted on your retirement?

[Ortega] I think it is important to trust that we will reach an agreement with the executive to contribute to the country's stability. This is what is most important. In terms of a lack of compliance with the executive, I think we are functioning within the framework of current laws. According to the Constitution and our current laws, we are acting legally and appropriately. I believe it is important to follow the law. The political aspect is also important, as is the image of maturity that the Nicaraguan people—and, in particular, their leaders—must display. I hope we may have a suitable dialogue with President Chamorro to overcome the lack of understanding and vexation that was created on 2 September and ultimately find a way beneficial to all Nicaraguans. This should not be viewed as injuring the nation's pride or honor but, rather, as a contribution to modernity, institutionality, and the law. [passage omitted]

[Espinoza] One final question: During the past decade, the Army and various sectors of the population faced a war that was publicly and officially sponsored by parts of the U.S. Government. Our Army and people confronted

the United States. How would you describe now the relations between the EPS and the U.S. Government and its agencies?

[Ortega] I think they have evolved favorably. We have excellent relations with the U.S. Armed Forces within the framework of the current U.S. Administration's policy of limiting U.S. military cooperation with Latin American and Central American armed forces. The United States has a policy that supports the area's various military institutions, but this support is almost trivial.

Within this framework we have an adequate relationship. We have exchanges, and we have had no significant problem with the U.S. Armed Forces. We participate in all the Latin American military events that take place. We have been acknowledged. Next year we want to have a representative on the Inter-American Defense Board. Our representative is not there yet, but not because of obstacles, but because we have not had enough money to maintain an official there, because it costs thousands of dollars to have an official representing the Army there, and, so far, we have not had this chance.

We have students in France and students who have been in Spain. We also have exchanges with the United States. In the field of medicine we have had 15 exchanges. We have a U.S. Air Force military attache and a U.S. Armed Forces general affairs military attache. I think the United States has basically realized that Nicaragua's Army is the Army we have. The United States now clearly understands that any effort aimed at overthrowing this Army by backing those who oppose the EPS means immersing Nicaragua in a war that they do not want, because they want stability in Central America to enable them to have more significant trade relations in the region.

The United States views the EPS as a fait accompli. This Army is a reality, and the United States has acknowledged this.

[Espinoza] We thank Army General Humberto Ortega for being on "Extravision" this evening. We have talked broadly. We hope that this talk cleared doubts and answered the question that viewers have probably had for months. Thank you and good night.

Army Chief Ortega Assesses National Security

PA3112174593 Managua Sistema Nacional de Television Network in Spanish 0100 GMT 30 Dec 93

[Text] As a result of the combined efforts of the government and the military institutions of the National Police and the Army, as well as the result of crime-fighting efforts, by the end of 1993, of the 2,000 [figure as heard] armed men who had operated militarily in the countryside—mainly in Regions 1, 5, and 6—about 1,600 had taken advantage of the demobilization process and the amnesty. In other words, about 800 armed men are still operating in a disorganized manner in small groups.

The Army reported that throughout 1993, there were 247 clashes, 137 murders, 105 kidnappings, 254 assaults, 58 burned vehicles, 19 cases of sabotage, 29 group demobilizations, and 1,059 confiscated weapons. It is said that the remaining armed groups are less important and will be fought through Army operations, especially in the coffee zones. Army General Humberto Ortega assessed the actions needed to bring about peace in the country.

[Begin Ortega recording] We can surely say that there is greater security now than last year and the year before that. A specific example is that early this year and halfway into last year, tens of thousands of all kinds of weapons were in civilian hands, but they are no longer in their hands because those weapons were destroyed. Between 1992 and 1993, we have destroyed more than 150,000 combat devices of all types. Undoubtedly, removing these weapons has improved security.

Moreover, the groups that were here with [word indistinct] legitimacy because they had their enclaves, seven enclaves, and enjoyed the political support from certain sectors, from one side or another, no longer exist. There were several thousand. They included El Indomable [Jose Angel Moran], El Chacal [Jose Angel Talavera], Pedro el Hondureno [Victor Manuel Gallegos], the revueltos [mixed groups of recontras and recompas], and others. Those people no longer exist. They are no longer there defying the authorities, defying public order, or defying the Constitution. They were disarmed thanks to the amnesty.

In this way, actually, we have made, objectively speaking, some progress in offering security to the country. Now, what we have today is a higher crime rate. In other words, the ending of the danger of belligerent armed groups of the political sort, [words indistinct] has coincided with an increase in the socioeconomic crisis and in the crime rate, which is the case in all countries. The only difference is that, in our case, there are still certain individuals who did not take advantage of the peace process and who failed to surrender their weapons. They [words indistinct] criminals who have [word indistinct] those criminals in small groups. They are dangerous because they still have some of these combat weapons. Therefore, this is basically the danger we are facing.

Undoubtedly, between 1990 and the present, we have definitely achieved substantial progress in national security. [end recording]

Panama

President Welcomes Constitutional Article on Canal

PA3112000693 Panama City LA PRENSA in Spanish 30 Dec 93 p 5

[Article by Ibeth Vega G.]

[Text] With the approval of a new constitutional article governing the administration of the Panama Canal after the year 2000 and the creation of ARI [Interoceanic Region Authority], Panama now has the two tools necessary to meet the enormous responsibility of administering the waterway—once it is in Panamanian hands—President Guillermo Endara told LA PRENSA.

Endara's statement came after the article was approved in the Legislative Assembly's third and final debate on the constitutional article that calls for the creation of the Panama Canal Authority, which will administer the waterway at the end of the century.

Endara said: "I am very proud of the Panamanian Government—I regard the legislative branch as part of the government—for approving the new constitutional article. One of the most important missions of this transition government was to prepare Panama for noon, 30 December 1999, when the United States will turn over the canal."

Endara pointed out that since 1977, the dictatorship governments never made any serious effort to prepare Panamanians for the serious responsibility of administering the canal. He added, "All they did was give speeches and disseminate self-serving propaganda, but there was nothing concrete."

To become part of the Constitution, the new constitutional article has to be ratified by the next Legislative Assembly that will be created in the 8 May elections.

Endara said: "I believe Panama has two basic tools for the immense responsibility it faces. Of course, now the work has to be done, and, therefore, these two institutions' efforts in the future will have to be intense, dedicated, and very patriotic."

The president said he felt satisfied and pleased that these two "tools" had been created during his administration.

Politicians, ARI Member Agree Not To Renegotiate U.S. Bases

PA0201231794 Panama City LA ESTRELLA DE PANAMA in Spanish 2 Jan 93 p 1A

[Report by Esperanza Navarro Francois]

[Text] A leading member of the Interoceanic Region Authority (ARI) and several presidential candidates agreed that now is not the time to negotiate the presence of military bases in Panama.

Mariano Mena, general secretary of the General Confederation of Panamanian Workers (CGTP) and a member of ARI, told LA ESTRELLA DE PANAMA that the Torrijos-Carter Treaties must be fulfilled. The country is in no condition to negotiate the military bases.

According to the leader, the proximity of the election and the political situation do not offer the appropriate conditions for modifying the treaty.

According to the Southern Command Treaty Implementation Office, 9,000 U.S. soldiers and 2,562 civilians work at the U.S. bases in Panama along with 5,718 Panamanian civilian employees.

David Guerra, presidential candidate for the National Unity Mission party (MUN), said Panama has more immediate needs to attend to, and modifying the Torrijos Carter Treaty would just create more problems.

Tomas Herrera, presidential candidate for the Civic Renewal Party, said he agrees with former President Jimmy Carter that the bases will disappear within the time established by the treaty.

He indicated that the new government could negotiate the treaties responsibly, seeking to increase Panama's income.

Herrera pointed out that "Panama could benefit by renegotiating the U.S. military bases as Italy, Germany, the United Kingdom, Turkey, and Korea have."

Arnulfists Insist on Heading Presidential Ticket

PA3112011493 Panama City LA ESTRELLA DE PANAMA in Spanish 30 Dec 93 p a1

[Report by Ruben Dario Diaz]

[Text] Arnulfist Party member Guillermo Rolla Pimentel [current Panamanian health minister] warned that under no circumstance will the Arnulfists negotiate the right to head the presidential ticket and if Molirena [Nationalist Liberal Republican Movement] and other parties wish to withdraw from the government alliance they may do so, but they should know that the presidential triumph in the upcoming election belongs to Mireya Moscoso de Gruber.

When asked if a break-up of the official alliance is imminent, Rolla replied that Molirena should be asked as "they are the ones breaking-up." Rolla stressed that the sole candidate for the 8 May elections is Mireya Moscoso de Gruber and that the next government will belong to the Arnulfists. "If other government parties are confused and do not have a candidate of their own, that is their problem; however, if they want to be part of the government in the next elections then they should come under the banner of the Arnulfist Party," Rolla said.

The experienced politician and health minister warned that whatever government party wishes to join the triumph of the Arnulfist party, must work for the needs of the Panamanian people and not for economic and personal interests, or have in mind ambassadorial, consular, or banking posts, otherwise they will harm the party and the country.

Rolla said that whatever party wishes to withdraw from the government alliance "can leave" because the Arnulfist Party has the capacity to fill all the ministerial posts. The health minister insisted that if the Molirena

Party leadership decides to withdraw from the government coalition, "let them," but they must remember that it is "the Arnulfists who call the shots."

Lastly, Rolla Pimentel confirmed that his Arnulfist Party is holding talks with parties that are progressive, positive, and nationalistic, such as the Papa Egoro Movement, National Unity Mission, and people from the Christian Democratic Party.

Endara Denies Responsibility for Alliance Rupture

PA3012220693 Panama City LA PRENSA in Spanish 30 Dec 93 p 1

[Article by Lastenia Murillo Munoz]

[Text] President Guillermo Endara said yesterday that he has no responsibility for a possible rupture of the alliance between the Arnulfist Party and the Molirena [Nationalist Republican Liberal Movement] in light of the 1994 elections, because "I respect what was agreed upon in the Santa Maria Agreement."

Endara noted that he should not be questioned on whether or not the alliance will be broken because that issue concerns the political parties who are conducting the negotiations. Some media have reported that the government alliance between the Arnulfist Party and the Molirena was broken once they failed to reach an agreement regarding who was going to head the presidential ticket.

Molirena wants to head the official presidential ticket, but the Arnulfist Party believes that Mireya Moscoso de Gruber, the widow of former president Arnulfo Arias Madrid, should have this position.

According to Endara, he took off his "politician's hat" on 8 November when he promised not to interfere in the electoral campaign, and "since then the only hat he wears is that of president of Panama."

Meanwhile, Education Minister Marco Alarcon said that the possible rupture of the government alliance "is a situation that was perceived from the beginning given Molirena's intransigence." Alarcon believes that "it is disgraceful" for a country that the most powerful—financially speaking—groups try to impose candidacies, and the people must react against this intention.

Alarcon added that "for moral reasons" Molirena should resign from the government in light of the fact that "they have the power and the money" and it is untrue that "the people will allow them to choose our next president."

Electoral Tribunal Admits Morena as Political Party

PA2912140793 Panama City EL PANAMA AMERICA in Spanish 28 Dec 93 p 20b

[Report by Carlos Anel Cordero]

[Text] The National Renewal Movement (Morena) was admitted yesterday as political party number 14, with full rights to participate formally in the 1994 elections. The three Electoral Tribunal magistrates presented the Morena Party credentials to the leaders of that political organization. After complying with this requirement, Morena has the full rights to participate in the electoral process and to present candidates for this event.

Morena President Pedro Vallarino said that the party will attempt to be the vehicle for Panamanians who have not had the opportunity to participate in politics to do so. He added that Morena has talked to several parties, but, until now, has not agreed on any alliance for the upcoming elections or to back any presidential candidate. According to Vallarino, Morena prefers to join independent groups and avoid the political parties, because once the latter reach power they end up fighting for political spaces.

A Morena source also reported yesterday that there is a possibility that the group of former Christian Democratic Party (PDC) members, who are called "The Brown Ones," may enter the Morena party ranks. This decision could be announced next Wednesday in a political event that will be attended by Morena party leaders and representatives of "The Brown Ones."

According to Vallarino, the party has several presidential candidate hopefuls, including former Comptroller Ruben Dario Carles and Joaquin Jose Vallarino. He said, however, that the Morena presidential candidate will be chosen at the national convention.

PRD Vows Not To Restore Militarism

PA0101002694 Panama City LA PRENSA iun Spanish 31 Dec 93 p 5a

[Report by Ibeth Vega G.]

[Text] Ernesto Perez Balladares, Revolutionary Democratic Party (PRD) presidential candidate, reiterated yesterday that the PRD will not revive militarism if the party returns to power after the 8 May 1994 elections. At the same time, he did not disavow the idea of an alliance with Solidarity [Party].

Perez Balladares' statements were made during a PRD organized lunch meeting with media representatives that took place at a local restaurant. According to the PRD candidate, he would be very foolish to seek reinstating to the current Public Force those military officers charged with subversion and administrative corruption who were dismissed after the 20 December invasion of Panama. He pointed out that there would be no type of vendetta against those who are in power today because the country can no longer tolerate selfish acts of that type.

Perez Balladares currently leads voter preference polls followed closely by Ruben Blades, singer and president of the Papa Egoro Party. However, PRD opponents

accuse Perez Balladares of having cooperated with the former military regime headed by deposed dictator Manuel Antonio Noriega.

On the other hand, Perez Balladares did not discard the possibility of an alliance with Solidarity Party which several weeks ago structured an alliance with several Civic Crusade related parties. These parties have indicated repeatedly that they will not negotiate with parties that were at one time close to the military regime. At the same time, Guillermo Ford, vice president of the Republic and a Molirena [Nationalist Liberal Republica Movement] member, described the PRD as the real opposition of whom we must all beware.

Legislative Assembly Approves 1994 Budget

PA0101141294 Panama City EL PANAMA AMERICA in Spanish 31 Dec 93 p 1

[Report by Carlos Vargas]

[Text] In the year's next to last session, the Legislative Assembly approved the national general budget for fiscal 1994, which amounts to 3.9034 billion balboas. The 1994 budget bill is the largest in Panama's fiscal history, and it is the last bill to be presented by President Guillermo Endara's administration. Adhering to the constitutional principle and mandate of having a balanced budget, the consolidated general budget amounts to 3.9034 billion balboas in both revenues and expenditures.

Contrary to what occurred with the 1993 budget, the assembly managed to approve the 1994 budget before ending the current period of sessions, which will end today in a formal ceremony headed by Legislative Assembly President Arturo Vallarino. The legislators discussed the bill's acceptability in the final debates. Legislators Gabriel Arosemena of the PDC [Christian Democratic Party] and Gerardo Gonzalez of the PRD [Democratic Revolutionary Party] were the budget bill's staunchest opponents.

Delia Cardenas, planning and economic policy minister, said the 1994 budget was based on an agreement with the legislative branch, adding that this helped expedite its approval. Cardenas stressed that state budgets are never large enough to cover all of the needs of each and every sector.

In general terms, the 1994 budget has two sections: 1) a financial section, which gives figures for estimated income and spending targets for the different government offices; and 2) a rules section, which outlines those procedures that will regulate the operational aspect of the budget cycle.

According to the budget, the central government has operational expenses amounting to 1.5933 billion balboas and total investments worth some 843.1 million. The central government's current income is estimated at 1.4158 billion balboas, while its capital income is estimated at 512.8 million balboas.

Of the 512.8 million balboas in 1994 estimated capital income, some 324.3 million will come from loans from international credit organizations. Another 84.6 million balboas will come from the sale of state properties, the Bayano Cement Co., and buildings in the Colon Free Zone.

The budget assigns 843.1 million balboas to investments. In this area, those sectors that will benefit most are education with 48.5 million balboas, health with 96.1 million, and housing with 61.8 million. In terms of debt service, the budget includes 631.8 million balboas to be used to pay both foreign and domestic creditors. The budget includes 348.3 million balboas for foreign debt payments, 283.5 million to cancel the domestic debt, 347.7 million for interest payments, and 284.1 million for amortization.

Argentina

President Promulgates Constitutional Reform Law

PY3012164493 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0033 GMT 30 Dec 93

[Text] Buenos Aires, 29 Dec (NA)—Government House has announced that President Carlos Menem this evening promulgated the law declaring the need to reform the Constitution. The bill was approved by the Senate early this morning.

The promulgation of this law, the senators' claim to have been the chamber that submitted the law, and their decision to modify the duration of the senators' terms today elicited various reactions from the leaders of the Justicialist Party [PJ], the UCR [Radical Civic Union], and other political sectors.

National UCR Deputy Leopoldo Moreau criticized the "shortsightedness" of his fellow party members who opposed the constitutional reform, adding that Fernando de la Rua "has not understood the change that this reform will imply for the consolidation of democracy."

In a conversation with NOTICIAS ARGENTINAS, Moreau reiterated that "(the reform project) originated in the Chamber of Deputies," but said that this matter is not "essential" enough to cause a constitutional conflict.

For his part, Senator De la Rua criticized the contents of the law, because "far from reducing presidential powers, it increases them," noting that Buenos Aires UCR Constituent Assembly delegates "will adopt their own position" in spite of any decision by the party.

De la Rua, who also talked with NOTICIAS ARGENTINAS, said that the minister of coordination, which is created by the reform, "is an entelechy," reiterating that the possibility of reelection of the current president "violates ethical rules."

He added that "the bill did not follow the usual steps," noting that "it should have returned to the Chamber of Deputies" after the Senate eliminated the paragraph reducing the senators' terms.

PJ Senator Antonio Cafiero said there is "firm discipline" in the PJ bloc in the Senate, remarking that "only one paragraph" of the law establishing the need to reform the Constitution had been modified.

Cafiero explained that the Senate "failed to endorse only one paragraph of the law" because it is an exception, adding that the decision to reject the reduction of senators' terms to four years "was unanimous."

"As we are considering a law that should be approved by a two-thirds majority in each chamber, the five steps provided for for common bills do not apply," Cafiero said.

For his part, Progressive Democracy Deputy Alberto Natale said that the Senate decision to modify the decision by the Chamber of Deputies "makes it mandatory that the bill be returned to the Chamber of Deputies."

According to Natale, "congressional proceedings which are ruled by the Constitution include the list of steps to be taken for a bill to be approved by Congress."

Natale added that "the bill should return to the Chamber of Deputies, because otherwise the constitutional reform will not have a healthy birth."

Socialist Unity Deputy Hector Polino also said that the law on the need to reform the Constitution "does not meet the requirements for submission to the executive branch," adding that the Senate approval was "unconstitutional."

Polino explained that "there are two different bills, each of which were approved by just one chamber of Congress," noting that "congressional proceedings have not been completed for either one."

"The entire reform process has been embarrassing, and the conclusion they are trying reach in Congress implies the death of the country's entire constitutional doctrine."

National Senator Jose Antonio Romero Feris justified his vote against the reform on the grounds that "before thinking of modifying the Constitution it is necessary to comply with it."

Romero Feris added that the introduction of runoff elections and the post of minister of coordination "do not entail any kind of restrictions on the powers of the president."

He said that "the pact was reached behind closed doors, and was approved—reluctantly but with Prussian discipline—by the lawmakers of the majority parties."

National PJ Senator Oraldo Britos said the bill originated with the Senate, and that "some articles were eliminated because the Chamber of Deputies did not take into account the bill that was submitted by the Senate."

Britos added that the duration of senatorial terms "will be decided by the Constituent Assembly, because the Senate has proposed six years."

Finally, Raul Alfonsin's spokesman Simon Lazara said that the Senate rejection of the four-year term proposed for national senators was "lamentable," although he explained that this decision "does not affect the group of basic agreements" reached by the PJ and the UCR.

"It is obviously the defense of sectorial interests, an attitude that impairs the image of the Senate and that does not match the spirit of the reform agreement," Lazara told NOTICIAS ARGENTINAS.

Mendoza leader Raul Baglini (until a few days ago the leader of the bloc of national UCR deputies), said that

"now that the constitutional reform law has been approved the UCR should overcome its internal disagreements—which have been broadly disseminated because of the importance of the subject—and should prepare for the election of Constituent Assembly members, thus guaranteeing a modern reform with equilibrium between the branches of government."

Baeza Appointed Defense Secretary; Under Secretaries Resign

PY3012161393 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2032 GMT 29 Dec 93

[Excerpts] Buenos Aires, 29 Dec (NA)—It has been officially reported that Vicente Gonzalo Massot, Defense Ministry military affairs secretary, resigned today and that Defense Ministry Advisor Jorge Baeza has been appointed to replace him.

No official information about the reasons for Massot's resignation were given. Massot was appointed on 6 April 1993.

Moreover, it was reported that Virgilio Beltran, under secretary (for policy and strategy); Eduardo De Simone, under secretary (for institutional affairs); and retired General Mario Remetin, under secretary (for scientific and technical research), have also tendered their resignations.

It was reported that Defense Minister Camilion will accept all resignations. [passage omitted]

After Massot's resignation was disclosed, Camilion summoned to his office Joint Staff Chief Mario Candido Diaz; Army Staff Chief Martin Balza; Navy Staff Chief Emilio Molina Pico; and Air Force Staff Chief Juan Paulik, who were briefed on the ministerial changes.

Camilion also did the same with Navy Coast Guard Commander Jorge Maggi and National Border Police Commander Timar Musumeci. [passage omitted]

Social Action Secretary Resigns; Replacement Named

PY3112170993 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0122 GMT 31 Dec 93

[Text] Buenos Aires, 30 Dec (NA)—Official sources on 30 December reported that Social Action Secretary Felix Borgonovo resigned today and he will be replaced by Jorge Fornes, an accountant from Mendoza Province.

The resignation of the high-ranking official of the Health and Social Action Ministry was based on the fact that "he stated that he had carried out the administrative mission he had been charged with."

Borgonovo, who had been under secretary under Secretary General of the Presidency Eduardo Bauza [when he was interior minister], will once again work with Bauza as an adviser.

Some political sources have interpreted Borgonovo's resignation as a step toward an upcoming replacement of Health Minister Alberto Mazza.

Moreover, a high-ranking government source denied this possibility and stressed that Mazza will continue in his post and that Borgonovo's leaving was due simply to the fact that "he had concluded his internal administrative mission."

Fornes is an accountant who for a long time worked within the private sector in Mendoza Province, mainly with the Nazar Construction Enterprise, whose owner is linked to the radicals.

Borgonovo's replacement was named by Mazza and he is considered to be a man who is close to Bauza's political faction in Mendoza.

Fishing Under Secretary Resigns To Enter Politics

PY0101214494 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1421 GMT 31 Dec 93

[Excerpts] Mar del Plata, 31 Dec (NA)—Under Secretary of Fishing Fernando Gutierrez submitted his resignation on 29 December to Agriculture, Livestock and Fishing Secretary Felipe Sola, reported reliable sources of that secretariat.

Gutierrez apparently conveyed to Secretary Sola his decision to leave his post in order to get involved in political activities for the Justicialist Party. [passage omitted]

The sources indicated that Gutierrez' replacement "is not yet known," and that the new appointment will not be made until February, after Sola returns from the vacation he is taking in this city.

Constituent Assembly Elections To Be Held 10 April 1994

PY3012191893 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1510 GMT 30 Dec 93

[Text] Buenos Aires, 30 Dec (NA)—Media Secretary Raul Burzaco announced a few minutes ago that the elections to nominate the members of the Constituent Assembly will be held on 10 April 1994.

The official made this announcement at the end of a cabinet meeting held in Government House.

Santiago Trustee Schiaretti Promises Justice

PY3012191693 Buenos Aires LA PRENSA in Spanish 29 Dec 93 p 6

["Exclusive" interview with Santiago del Estero trustee Juan Schiaretti by Maria Ines Espeche in Santiago; date not given]

[Text] [Espeche] Your intervention began 10 days ago. What is the situation in Santiago?

[Schiaretti] The social climate is one of absolute calm and tranquility, so much so that yesterday Border Police officers withdrew and the provincial police resumed the supervision of law and order in town. The population has great expectations that the intervention will solve the crisis. People receive us warmly and happily wherever we go. Santiago will have to reconstruct everything anew because the government and the economy collapsed.

[Espeche] Do you think 150 days will be enough to straighten things out? Could this period be extended?

[Schiaretti] I will strictly comply with the congressional law establishing that we must call for new elections within 150 days. Those are the instructions I received from the president of the Republic.

[Espeche] Why did things get so far out of hand as to need an intervention?

[Schiaretti] The national government and all the forces that coexist in Congress have always preferred solutions proposed by the provinces. Here the two main political forces, Santiago's two largest political parties, wanted a solution worked out among themselves without federal intervention. The proposal was made in a climate of obvious political stress amid a gross mishandling of the public administration. Regrettably, local leaders were unable to find a solution and this provoked the social outburst.

[Espeche] Various provinces are experiencing delicate situations. Is that also due to mismanagement or is it because Economy Minister Domingo Cavallo overlooked the provinces in the economic plan?.

[Schiaretti] We cannot say that the economic plan overlooked the provinces because Santiago del Estero, for instance, received twice as much in coparticipation funds this year as it did two years ago. The province used to receive a little less than 20 million pesos per month and now receives nearly 40 million pesos per month. Therefore, we cannot speak about anybody overlooking anything. The province had a balanced situation before.

[Espeche] But it has been badly administered for the past 10 years? Was that not known at a national level?

[Schiaretti] Yes, but we have a representative, republican, and federal system. The people in the provinces elect their own authorities and our Constitution establishes how the federal government should act. The Constitution establishes federal and provincial government attributions. The people in each province must elect their governments and then decide with their votes if that government was good or bad.

[Espeche] Do you think the situation in Santiago and other provinces has nothing to do with the adjustment proposed by the federal government?

[Schiaretti] You cannot speak about adjustment when the amount of federal coparticipation has doubled. Besides, the situation was provoked by mismanagement. The province had a balance financial situation just a year ago, but then legislators were granted monthly salaries of 17,000 pesos, judges and employees received 15,000 pesos, advisers earned 8,000 pesos; public servants were selected for their political affiliation; councilmen received salaries of 6,000 pesos; and new municipal councils were created at the same time health centers were being closed. The population saw that many people were doing well while the mismanagement was bringing misery to the population. These were the reasons behind the people's indignation. The usual agitators and subversives took advantage of the situation to loot and destroy.

[Espeche] The people demand justice in Santiago, that is, the punishment of those involved in corruption. Will the intervention answer this popular petition?

[Schiaretti] The justice department will investigate all reports. No one will be excluded. The state attorney general was instructed to report on all cases of corruption in the province. The court will act from there. We are already working on some cases and we will report what we find as soon as we have something.

[Espeche] It is obvious that Cavallo's plan is going through a trial by fire considering what is happening in the provinces. Do you think President Carlos Menem might stop supporting Cavallo if his reelection is in danger?

[Schiaretti] I do not think so because the economic plan is President Menem's plan. Minister Cavallo is carrying out the economic policy that the president chose for Argentina. Besides, the social outburst in Santiago has never been against the national government but against the administration of local leaders.

Chubut Province Joins Fiscal Pact; Four Provinces Remain

PY3012123793 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0037 GMT 30 Dec 93

[Text] Buenos Aires, 29 Dec (NA)—The Province of Chubut tonight joined the other provinces that have signed the Fiscal Pact for Employment, Production, and Growth sponsored by the Economy Ministry.

The signing of the act was made in the Coat of Arms Hall of the Interior Ministry by Interior Minister Carlos Ruckauf, Labor Minister Armando Caro Figueroa, and Chubut Vice Governor Jorge Aubia on behalf of Governor Carlos Maestro, who is on leave.

With the admission of Chubut to the Fiscal Pact, according to the act signed tonight, there is a balance in favor of the province of a little over 57 million pesos, which corresponds to a credit balance of 61 million pesos and to a debt with the nation of 4 million pesos.

The agreement also "resolved once and for all many claims and trials involving the nation and the province" through the signing of the act "for the reorganization of the financial situation between the state and the Province of Chubut."

This is how the government was able to get the support of one of the provinces opposed to the Fiscal Pact. Cordoba and Catamarca Provinces may also join the initiative.

In addition to these two provinces, the others that still remain to sign the agreement proposed by the government are Rio Negro and Santa Cruz Provinces.

Minister Ruckauf expressed optimism that when the meeting of the governors with President Carlos Menem is held next January in Chapadmallal "all the provinces will have joined the Fiscal Pact."

Labor Confederation Gets Approval To Call National Strike

PY3012233493 Buenos Aires BUENOS AIRES HERALD in English 30 Dec 93 p 11

[Text] (DYN-NA)—The General Labour Confederation's (CGT) Central Confederate Committee yesterday [29 December] gave the green light for its Directive Council to call a nationwide strike and rally in Plaza de Mayo before January 31 "if the government does not provide an answer to workers' demands."

In a session rife with criticism of President Carlos Menem and his government the committee approved the plan submitted by the UGTT [expansion unknown] and UTA [Motor Transport Workers Union] transport workers unions to walk off the job if the government ignores the labour movement's major demands. These include loosening up on the austerity measures that have caused unrest in the country's poorer provinces and dropping the plan to reduce employer contributions to union-run health care and other services.

Notably absent from yesterday's session were such staunch government supporters as the head of the ANSSAL [National Health Insurance Administration] social security administration, Jose Luis Lingeri, Obras Sanitarias Waterworks union, Ramon Valle, and UPCN [National Civil Service Personnel Union] civil servants union, Andres Rodriguez, who is currently in the United States.

Also absent were UOM [Metalworkers Union] metalworkers leader Lorenzo Miguel and restaurant workers chief Luis Barrionuevo.

In a critical statement the CGT warned that the government could not expect its belt-tightening measures—which would result in the dismissal of thousands of provincial employees among other effects—to be successful "if a strong network of social protection is not simultaneously erected."

As regards the government's plan to roll back employer contributions by up to 80 percent in order to cut the so-called "Argentine cost" of doing business, the CGT said: "(It) conspires against social justice and contradicts the more developed policies in that area."

The government's plans to make labour legislation fared no better as the confederation said they would "increase unemployment, underemployment and marginalization."

The CGT attributed the government's policies to "a dehumanizing, anti-Christian concept of the economy stemming from the savage capitalism that degrades humanity and seeks to convert it into one more raw material for economic production."

Numerous labour leaders made statements similar to those expressed by health industry leader Carlos West Ocampo.

"We don't give a darn about twisting the President's arm," said West Ocampo. "This government has condemned thousands of workers to hunger and misery and the Justicialist Party is at his service."

Roundup of Economic Reports Through 30 Dec

PY0101222194

[Editorial Report] The following is a compilation of reports on economic activities in Argentina monitored through 30 December.

The Economic Programming Secretariat on 23 December reported that the primary surplus, not including privatizations, that was agreed with the IMF for 1994 totals $3.7 billion. (Buenos Aires LA PRENSA in Spanish 24 Dec 93 Section 2 p 4)

The Argentine Foreign Ministry has reported that in the first nine months of the year Argentina exported to Brazil oil and oil by-products worth $296 million, an increase of 240 percent compared with 1992 when exports to Brazil were $87 million. (Buenos Aires LA PRENSA in Spanish 24 Dec 93 Section 2 p 4)

Real salaries for industrial workers have fallen 1.77 percent in the last year, according to figures released on 28 December by the Argentine Business University. Industrial workers earned almost 2 percent year more last December than they will this month. (Buenos Aires BUENOS AIRES HERALD in English 29 Dec 93 p 5)

The Inter-American Development Bank on 16 December announced the approval of a $95 million loan to Argentina to start a technology development program to increase efficiceny in production businesses and the public sector. The plan calls for the creation of an Argentine Technological Fund (FONTAR) which will finance technological training and innovation in privatized companies and public institutions, excluding universities. The total cost of the program is estimated at $190 million, with $62.5 million dollars coming from the

federal budget and $32.5 million from the Banco Nacion. (Buenos Aires BUENOS AIRES HERALD in English 17 Dec 93 p 5)

Bolivia

President Sanchez Announces Year of Great Changes

PY0101184594 Madrid EFE in Spanish 0051 GMT 31 Dec 93

[Text] La Paz, 30 Dec (EFE)—Bolivian President Gonzalo Sanchez de Lozada today announced that 1994 will be the year of great structural changes, when the traditional "come back tomorrow" of public administration will become a thing of the past.

Sanchez de Lozada today, Thursday, met with the local press at a rural spa in Cochabamba, where he is resting for a few days to "recharge his batteries" before facing the challenge of the change beginning with the preparation of the nation's general budget.

The president explained that the budget proposal he will send to congress will be accompanied by several draft laws "which will give meaning to the budget" and which will implement the structural changes.

"The first drafts show that more than half of the budget will be earmarked for the social area," Sanchez de Lozada said, because "great structural changes must be made to cover the growing social needs, to serve as the basis of the coming year: capitalization, educational reform, law against corruption, people's participation, and simplification of bureaucracy."

The 63-year-old Bolivian president said that for 1994 there will be an increase [in salaries] of 7.5 percent in order to maintain the purchasing power of the salary and that will be equal to the inflation rate calculated for this year.

"If we begin with greater increases, we will have higher inflation, greater deficit, and a lower level of economic growth," Sanchez de Lozada said, and asked whether it was worth having considerable increases, which would later be overcome by the increases in prices.

He ruled out the reported increase in fuel prices which prompted the increase in prices and hoarding of other products, and added that he will adopt other measures to improve income, such as reducing the tax rates and increasing the tax base.

Sanchez de Lozada said that a system to simplify state administration transactions will be implemented next year, thus seeking "to eliminate the torment the citizens" must go through when they are involved in these transactions and to eliminate from public offices the "come back tomorrow."

He ruled out any change in his cabinet. "It was so difficult for me to organize it," he said. He added that if it does not yield the expected results in the future, there might be some changes.

He compared the structure of the Council of Ministers he inherited from the previous government with a "Model-T Ford with which we could not win a formula one race." He added: "I built a race car that could not start because it was not well tuned."

Sanchez de Lozada was optimistic over the state of his "race car" although he admitted that "if we begin to run strong and if some part breaks down we will have to fix it quickly" to meet the expectations of the Bolivians who want to see the government working.

The Bolivian president will return from Cochabamba, 383 kilometers east of La Paz, next week.

Armed Forces Demand 'Total Control' Over U.S. Aid Funds

PY2912160993 Santa Cruz EL MUNDO in Spanish 16 Dec 93 p 4

[Text] La Paz, 15 Dec (ANF)—Defense Minister Antonio Cespedes and General Moises Schirique, joint chief of staff, have demanded "total control" over the U.S. funds that come to the country as military assistance and within the framework of bilateral agreements to fight drug trafficking.

The two high-ranking officials told this newspaper that "the U.S. military assistance is not in cash, and they administer the funds themselves. For instance, $1 million is promised, but 50 percent or more is used to cover the movement and stay in Bolivia of their own personnel. They even import their own water with those funds."

The sources explained that if the United States delivered the funds assigned to military assistance in cash, no U.S. advisers would need to come to Bolivia, and "Bolivian professional soldiers would take over the jobs they fulfill in the midst of continuous controversies."

The defense minister said it would be very good if the Armed Forces were allowed to directly administer the U.S. military assistance. Gen. Moises Schirique told local media that "we would like the United States to give us the money to carry out the tasks they perform."

"It is undoubtedly something we must achieve gradually. The participation of our local contribution must increase and then take over altogether," Minister Cespedes Toro said, during the Engineering Military School 1993 graduation ceremony.

The Defense Ministry official contradicted the general in that Cespedes said the Armed Forces do not depend in any way on the U.S. Embassy, while Schirique said the U.S. technical cooperation "generates a certain dependence of the institution."

"What happens is not dependence, it is a plan for U.S. military assistance and support for the fight against drug trafficking," the minister said.

The U.S. assistance has been dropping in the continent for some time. Bolivia, due to the satisfactory level of its fight against drug trafficking, will apparently be affected by a smaller drop as compared to other countries in the region, the minister said.

"We still need to conduct bilateral negotiations on the matter," Defense Minister Antonio Cespedes Toro said.

Supreme Court Chair Accuses Government of 'Dirty War'

PY0101201994 Madrid EFE in Spanish 1939 GMT 30 Dec 93

[Text] La Paz, 30 Dec (EFE)—Supreme Court [CSJ] Chairman Edgar Oblitas today accused the government of unleashing a dirty war against him, and announced a criminal trial against the newspaper ULTIMA HORA of La Paz, which had published accusations by a drug trafficker of alleged bribery affecting the judicial branch.

Oblitas' remarks have aggravated to an even greater degree the confrontation between the Judicial and Executive Branches, which has prompted a movement for impeachment for corruption against the CSJ chairman and a CSJ member which has not yet been cleared by the Legislative Branch.

Oblitas also accused the U.S. Embassy in La Paz and the Drug Enforcement Agency (DEA) of being involved in "a truly dirty war to tarnish the image of the CSJ chairman."

The CSJ chairman made these accusations because of the publication on 26 December of a statement made under oath by drug trafficker Carmelo "Meco" Dominquez, who was arrested again eight months after his escape, in which he said he had bribed several judges.

Dominguez, captured on 24 December in the eastern town of Santa Cruz, after his escape from a police clinic in La Paz on 17 April, said in his statement, which was published by ULTIMA HORA, that from Sucre, the site of the Supreme Court, he was asked for $120,000 "so as to be acquitted in the trial against me for drug trafficking charges."

According to Dominguez, the money "would be for Edgar Oblitas, Ernesto Poppe, and Edgar Rosales," all members of the Supreme Court, but that it was not given, according to what he said, because "I did not have the money, and I decided to escape."

Oblitas said that "in face of the collapse and failure" of the impeachment, "where absolutely nothing has yet been proven in the Ibarra case, the government is now resorting to complicity with a well-known and morally discredited drug trafficker, setting up a new scheme in an effort to try to involve (the CSJ chairman) with that criminal."

Jose Maria Antonio Ibarra, former Nicaraguan deputy minister of the presidency, had accused Oblitas and Poppe, in addition to former Justice Hugo Galindo, of extortion in order that the CSJ might rule illegal his extradition, as had been requested by the Managua Government.

Ibarra handed over to the Bolivian Government a videotape, obtained with the technical support of the U.S. Embassy, which shows the moment he was handing over to Galindo the money that was allegedly intended to achieve the court's favorable ruling.

The video was submitted to a Chamber of Deputies committee, which has concluded its investigations but has not yet announced a decision establishing whether or not impeachment against the CSJ chairman in the Senate is legal.

Oblitas has asked his lawyers to file suit against Ted Cordoba Claure, director of the newspaper ULTIMA HORA, for "manipulating in a dirty and criminal manner" the news "and for leading public opinion astray."

The newspaper limited itself only to stating that it had published a summarized version of Dominguez' remarks to the authorities after his arrest on Christmas Eve.

Meanwhile, the suspended justices, on trial for having granted a medical dispensation that facilitated Dominguez' escape, have warned the detainee that he must convincingly prove his denunciations of a $10,000 bribe, or defend himself in the trial they will conduct against him.

ΩBolivia: Economic Briefs

94P20169

[Editorial Report]

NORTHEAST REGIONAL DEVELOPMENT—The Regional Development Corporations of La Hydroelectric Project, as well as other electrification projectsValleando formally agreed 16 November to promote the development of the northeast by launching or reactivating various projects. These include development of potential hydrocarbon reserves; the Larecaja electricity interconnection project; reactivation of the Ituba Plan aimed at providing electricity to Iturralde and Ballivian provinces; reactivation of the Cachuela Esperanza Alto with financing from USAID of $1,080,149. The bridges will improve supporting agro-industrial development in Beni and Pando Departments; rehabilitation of the road network between La Paz, Beni, and Pando; and promotion of pilot projects to burn chestnut shells as an

alternate source of traffic. The aim is to raise farmers' standard of living thus stemming their "migration to coca-producing regions." [La Paz PRESENCIA DEL PAIS 28 Nov]

COCHABAMBA ECONOMIC GROWTH—According to statistics compiled by the Center for Multidisciplinary Research (CIM), Cochabamba's economy grew in all sectors during the first nine months of 1993:

Sector	1992	1993	Variation (percent)
Petroleum Production (barrels)	214,076	834,361	389.7
Industry			
Imports	$ 20 million	$ 27 million	35.0
Volume of Production	—	23 percent	—
Utilized Capacity	—	61 percent	—
Exports	$17,458,860	$23,578,488	35.1
Imports	$97,209,088	$88,755,506	-8.7
Banking System			
Deposits	$ 233,843	$ 297,331	27.1
Loans	$ 231,858	$ 287,359	23.9
Freight (kg)	47,094,800	61,256,500	30.1
Cement Consumption(unit not specified)	1,650,931	1,814,523	9.9

The volume of Cochabamba's nontraditional exports increased by 27.5 percent, reaching a total value of $25.4 million between January and October. The principal exports included soya, chestnuts, alpaca articles, and shoes. [Cochambamba LOS TIEMPOS 23 Nov 93; Santa Cruz EL MUNDO 18 Nov]

LA PAZ NONTRADITIONAL EXPORTS—The La Paz Chamber of Exporters (CAMEX) reported that the department's nontraditional exports generated $93,914,169 from January to October 1993, a 132.09 percent increase from 1992. The following chart lists the principal exports:

Gold jewelry	$37,218,549
Lumber	$10,994,139
Cotton knits	$ 7,365,936
Refined sugar	$ 6,071,174
Shelled chestnuts	$ 5,653,174
Coffee beans	$ 2,933,979
Fine wool or alpaca knitwear	$ 2,426,162
Men's shirts	$ 2,110,943
Women's knit pants	$ 2,017,166
Railway ties	$ 1,819,388
Sodium borate	$ 1,542,340
Raw alpaca or llama wool	$ 1,007,166

[La Paz EL DIARIO 25 Nov]

POTOSI DEVELOPMENT—Minister of the Presidency Carlos Sanchez Berzain announced that the government has signed agreements with Potosi local authorities to launch development projects on the order of $60 million. The money, to be disbursed in 1993-94, will come from the National Treasury and international organizations. Some of the main points of the "Potosi Accord" are:

—CORDEPO (Potosi Development Corporation) will receive 2 million bolivianos (around $400,000) to complete projects already under way. It will use $100,000 of its 1994 budget for the final plans for the Huayllani Dam.

—Potosi Airport will receive $600,000. Additional financing will also be available for improved road and rail service throughout the department.

—Two universities will receive aid and priority will be given to the construction of primary and secondary schools.

—The Emergency Mining Plan's nutrition program for needy and unemployed miners will be implemented. Daniel Bracamonte Hospital will receive aid.

—Under an agreement between the government and the Bolivian Labor Federation (COB), priority will be given to reinstate those National Railway Enterprise employees dismissed under the government's privatization plan. [Santa Cruz EL MUNDO 19 Nov]

EL ALTO INTERNATIONAL AIRPORT—Following a three-day visit, a Japanese technical team signed an agreement with the Auxiliary Air Navigation Services Administration for a $35 million credit from the Japanese Government. The money will be used to modernize El Alto International Airport in La Paz. The proposed project includes the construction of new passenger terminals and the installation of modern communication and air traffic control equipment which would convert El Alto into the country's best airport. [La Paz EL DIARIO 17 Nov] (ENDALL/ELAG/ LAD/RAY/ECONF)

* Finance Minister Lists Investment Opportunities

94SM0128B La Paz EL DIARIO in Spanish 31 Oct 93 p 5

[Text] JATHA—Finance Minister Fernando Illanes told American investors that only 15 percent of Bolivia's potential hydrocarbon resources have been explored and developed, and emphasized the investment opportunities in the various sectors.

According to Illanes, there is an oil and gas potential of 53 percent in the 386,000 square miles of national territory, and it is considered that only 15 percent of that area has been explored and developed.

He described the petroleum as light, and noted that there are extensive fields with natural gas deposits.

He also indicated that proven reserves of gas have amounted to 6 trillion cubic feet over the past 10 years, and that current gas exports to Argentina amount to 200 million cubic feet per day.

Illanes indicated that projected natural gas exports to Brazil could exceed 1.1 trillion cubic feet at a rate of 250 billion cubic feet per day, bringing investments to more than $2.8 billion.

Regarding investment opportunities in the electricity sector, Illanes reported that generating capacity is 550 megawatts, with the possibility of rising to 900 megawatts by the year 2000.

He explained that the National Electric Power Enterprise (ENDE) expects to build some 1,000 kilometers of transmission lines.

Among the incentives that will encourage foreign investment are the efficiency of generation and the installation of distribution companies.

In addition, he indicated that the growth rate is estimated at 7 percent a year, and that the new investments in the sector could generate more than $300 million between 1995 and 2000.

Concerning opportunities in the telecommunications sector, he described the following:

- Telephone density of 2.7 lines per 100 inhabitants. The lowest percentage is 5.8 lines per 100 inhabitants. [as published]
- Eighty percent of service is concentrated in La Paz, Santa Cruz, and Cochabamba, with 40 percent, 25 percent, and 15 percent, respectively.
- Only 45 percent of international calls are completed.

He explained that unsatisfied demand today amounts to 100,000 lines, 50 percent more than the number currently installed, and that density is expected to be 5.2 lines per 100 inhabitants by the year 2000.

In this regard, an investment of $630 million will be required over the next 10 years, and some 400,000 new lines will be installed by the year 2000.

Regarding the National Telecommunications Enterprise (ENTEL), Illanes stated that in 1992 it had approximately $42 million in current operating cash, and it paid $25 million in dividends.

Illanes explained that the national airline, Lloyd Bolivian Airline (LAB), primarily services international routes, but it also dominates the domestic market.

He added that LAB has an inadequate, old, and fuel-guzzling fleet, so the capitalization of the firm will require some $40 million. In addition, the privatization of airports and air services is contemplated.

He stressed that the National Railway Enterprise (ENFE) has a monopoly on that service, and noted that the state-run railway has reduced its surplus employees from 5,000 to 2,900. ENFE has a net value of approximately $80 million, he said, and its operational costs cover its operational income.

After stating that Bolivia is primarily a mining country, he explained that mining exports from the private sector exceeded those of the public sector, and that in the last few years foreign investment has amounted to $10 million.

Brazil

Magazine Interviews President Franco

PY0101192794 Sao Paulo VEJA in Portuguese 22 Dec 93 pp 28-33

[Interview with President Itamar Franco by Silvania dal Bosco in Rio de Janeiro on 15 December and in Juiz de Fora on 16 and 17 December]

[Text] [Dal Bosco] What are Brazil's priorities for next year?

[Franco] The constitutional reforms longed for by the people. The tranquility and normality of the elections. The curbing of inflation. The consolidation of our economic growth. The permanent and effective struggle against starvation and misery. The eradication of all forms of violence. The recovery of self-esteem. Health as everyone's legitimate right and school for all. And finally, for our happiness, winning the World Cup.

[Dal Bosco] What should Brazilians expect from President Itamar Franco in 1994?

[Franco] Work, being aware of his duties and obligations, maintaining democratic order, and a strict and direct communion and unity of purpose with Brazilian society.

[Dal Bosco] Is there any risk of a military coup or a rupture in the democratic order in Brazil?

[Franco] No, absolutely not because I firmly believe the political conditions in our country have matured, and the democratic institutions have definitely found their direction. They are becoming more solid as shown by the recent historic events.

[Dal Bosco] Having governed for one year, do you believe that your own expectations have been fulfilled?

[Franco] I believe so. There is no doubt that Brazil has grown. It has grown to such an extent that this year shows a GDP growth of nearly 5 percent and a 14 percent growth in industrial production. Although, it is obvious that the country still has a very high inflation rate. Therefore, we hope that with Minister Fernando Henrique Cardoso's economic plan it will be possible to substantially reduce inflation when fiscal readjustment goes into effect. In addition the government desires the patriotic cooperation of Congress and of all segments of society. Next week I will have been at the head of the government for one year. I am certain that 1994 will be very good for the country. If there is nothing else that I can do, then I will democratically pass the government on to my successor, hoping that he will find a country that is socially more just and economically more solid.

[Dal Bosco] Which country would inspire you if you could somehow magically mold Brazil's future?

[Franco] I am from the working class, by excellence and by roots, and I have been molded in the class of Alberto Pasqualini (the Rio Grande do Sul State lawyer is considered to be the father of the Brazilian working class. He was a town councillor and a senator, he supported the movement that put Gertulio Vargas in power in 1930, and he was a minister of state under Vargas in 1944. Leader and theoretician of the PTB [Brazilian Labor Party], Pasqualini helped to draw up the party's charter. In 1948 he published the Fundamental Directives of the Brazilian Working Class, which was adopted as the bible of the PTB. In the publication, he defends the thesis of extirpating "social usury" from the country, something that is contained within the economic relations that do not take social justice into account. Pasqualini died in 1960 at the age of 58).

[Dal Bosco] Are you sure that Fernando Henrique Cardoso's plan will be successful?

[Franco] It is not Cardoso's plan. It is a government plan. But I can tell you something: I will not allow the country to fall into a recession, but that is not the case. Never in modern history has someone supported an economy minister as I have supported Minister Cardoso. I have just lost two excellent advisers because they disagreed with the economic plan. One of them is an excellent ambassador (referring to former Culture Minister Geronimo Moscardo) and the other is a loyal party leader and a very good fighter (referring to Deputy Roberto Freire).

[Dal Bosco] What do you intend to do if you become convinced that the plan will lead to a recession?

[Franco] If that should happen, something which I do not believe, I will tell the minister to stop and we will have to find another alternative.

[Dal Bosco] There are those who contend that you, Mr. President, support [Finance] Minister Fernando Henrique [Cardoso] from a technical standpoint, but that in your heart, you agree with former [government] leader Roberto Freire, who criticizes high interest rates and recession.

[Franco] The heart has reasons that the mind itself cannot fathom.

[Dal Bosco] How so, Mr. President?

[Franco] Simply that—the heart has reasons that the mind itself cannot fathom.

[Dal Bosco] Are you, Mr. President, in favor of the reinstatement of the 100,000 civil servants that were dismissed during the Collor administration?

[Franco] I am in favor of injustices being redressed, period. Our first proposal originally contemplated only the re-examination of those cases that involved a flagrant breach of the law or an injustice. Furthermore, even according to the most pessimistic estimates, those cases do not add up to 100,000. If the project were to be passed by the Senate, to maintain its original spirit and become law, we would then re-examine the cases of those who believe they have suffered some damage and plead their reinstatement on a case-by-case basis. The reinstatement will never be automatically done.

[Dal Bosco] Are you personally in favor of ending the state's monopoly in the oil industry and telecommunications in the constitutional reform?

[Franco] Personally, I am not. However, one has to bear in mind what decisions and alternatives are the most appropriate ones for the historical moment we are living in Brazil and for the current economic and social order.

[Dal Bosco] The CPI [Congressional Investigating Committee] ...

[Franco] (interrupting) The CPI is an affair that pertains to Congress.

[Dal Bosco] Would it be possible to strike an alliance between the PMDB [Brazilian Democratic Movement Party] and the PSDB [Brazilian Social Democracy Party] for the forthcoming presidential elections?

[Franco] What I can tell you with regard to the elections, is that the three coming months—January, February, and March—will be decisive for the country, since during that period party affiliations will be decided, government officials who campaign for election will have to resign, the economic plan will be under way, and the CPI will issue its final report.

[Dal Bosco] Do you believe, Mr. President, that PC [Farias] and former president [Fernando] Collor are scheming against you?

[Franco] I do not think that PC is involved in such a thing. My relationship with him was limited to the election campaign. I spoke with him on very few occasions.

[Dal Bosco] And how about former President Collor?

[Franco] I think that he is. I read about the accusations he leveled at me in VEJA, but did not want to answer them. However, after thinking about it, I decided to write some lines. (The president excuses himself, leaves the room, and comes back with a typescript in his hand. He slowly unfolds the paper and reads the following:) "From the Olympus, located in the celebrated Casa da Dinda [Collor's official residence in Brasilia], that deposed little god fires his machine gun of half-truths and insidious innuendoes seeking to smear other persons' honor. It seems a most coherent attitude with the personality and feelings of those who disdain other persons' uprightness because they do not have it." This is the first time that I have responded to that individual. Up to now, I had tried to show my respect for and keep my distance from the former president of the Republic.

[Dal Bosco] Mr. President, does PC Farias' ghost check deposited in the account of your secretary Geraldo Faria exist after all?

[Franco] If there was a ghost check, we did not know about it at that time. Furthermore, who would have imagined the possibility of the existence of ghosts back in 1989? There is a check for the campaign, but it has not been issued for the absurd amount that is being said. (Franco refers to the rumor that it was a check for $700,000, when in fact the only one found was for $145,000). Besides, Faria is a very tidy person. He kept all the documents, notes that prove where the money was spent. The checks for the campaign were even deposited in other accounts. My account has absolutely nothing. PC Farias or anybody else may say whatever they want. But, why should only the election campaign in Minas Gerais be under scrutiny? Especially in the case of Geraldo Faria, who was not the treasurer general of the campaign. Are the 1989 election campaigns of all candidates being delved into? Former President Collor is facing charges for what he did during his presidency. One should make it clear that the Superior Electoral Court approved the PRN's [National Reconstruction Party] accounts at that time. Why study them now? I, Itamar Franco, was neither coordinator nor treasurer at either regional or national level. That was no concern of mine.

[Dal Bosco] The Federal Police seized one of P.C. Farias' personal appointment books, where he had marked a meeting with you for April 1990, during Fernando Collor's government. Do you remember that meeting?

[Franco] I did not see Paulo Cesar Farias after the campaign ever again. I never called him P.C. because our relations were always formal. I do not remember having talked to him after Collor took over power. This is why there is no way I could have negotiated the nomination of Eliseu Resende to head Vale do Rio Doce with him. President Collor recommended Resende to head Furnas [Furnas Electric Power Plants, Inc], not Vale. Resende was told of his appointment before the swearing-in ceremony, when he was still at his former public office.

[Dal Bosco] In 1990 you purchased a D-20 pickup truck, and then exchanged it for two cars. What is the story behind that?

[Franco] I reported everything to the tax department. I kept the pickup truck for only a few days. I answered some questions about the matter then. I am almost sure that I also sent a copy with explanations to Bahia Governor Antonio Carlos Magalhaes. I do not have copies of the documents here, but I can show them to you later.

[Dal Bosco] A D-20 pickup truck is worth nearly $35,000. Did you have the money to buy the truck?

[Franco] Of course I had the money to buy it. Otherwise I would not have made the deal. I did not steal the pickup truck. My tax record shows that everything was in order.

[Dal Bosco] Does a Republic of Juiz de Fora really exist? Do you ask its people before making a decision?

[Franco] Such a republic has never existed, nor will it ever exist. But there is a town called Juiz de Fora that is very dear to me. It is not only a picture hanging on a wall. Before making a decision I usually hear the opinions of a large variety of people, as well as my own heart.

[Dal Bosco] Why did you decide to work in Rio de Janeiro this week?

[Franco] There is a very simple reason. I had more than 20 requests for audiences from people or groups established in Rio de Janeiro. I simply decided to receive those people in the city.

[Dal Bosco] Didn't you want to send a message to the country indicating that everything was calm?

[Franco] It might be understood that way. There is calm and tranquility in the country. There is no need for the president of the Republic to stay in Brasilia. The country has its democratic order ensured, and there are no risks. I can tell you before you ask that I never thought of resigning as president of the Republic.

[Dal Bosco] Are you tired? Do you wish you could take some days off to rest?

[Franco] The other presidents did not have vacations, either. As far as I can remember the only exception was President Getulio Vargas. He used to spend a few days at the Palacio Rio Negro, in Petropolis, in Rio de Janeiro. The president should have some 20 days or so to rest, in

a place of his choice, in Brazil. Obviously he could not be traveling back and forth. He would stay at a single place. I only have one more year as president, and I do not think of that possibility. But I will ponder about the idea, for the future. After all, everyone has the right to some rest: journalists, physicians, lawyers, the president of the Republic. I need the Brazilian press to understand that, too. Society, I am sure, understands it.

[Dal Bosco] Why did you lose patience with the press in Juiz de Fora?

[Franco] I recall very well an O GLOBO photographer asking me when I left my apartment whether I wanted to talk. I answered no, and left for a friend's place, but journalists followed me. I think they should not do that, but I understand that it is their job. When I arrived at my friend's house, the housekeeper, who is a humble person, asked the journalists to withdraw. No one listened. They invaded private property and followed the car. They entered nearly 70 meters inside the property. This is no way to earn respect. If they wanted to take my picture they had a chance when I left my apartment. I think the incident showed a lack of respect. Where I come from you do not enter someone else's house without knocking at the door first. You only trespass through an open door if it is a church. I would not walk into a friend's house without knocking, even if the door was open. It is a matter of good manners. One of these days we will have a more serious incident. Journalists will find a more courageous housekeeper or security guard.

[Dal Bosco] But wouldn't a security team avoid the problem?

[Franco] No. I think the incident could have been worse. I politely asked the reporters to leave. Security guards could have beaten them. I believe that with security guards it could have been worse. To tell you the truth I would rather drive my own car. I don't drive one because I don't like driving.

[Dal Bosco] With no security guards, don't you fear an attack?

[Franco] Security is necessary, but it depends on where I am going. I want to have political and democratic visibility. When I am in my hometown with my daughters I do not think the bodyguards are necessary. Concerning a possible attack, I have no fear. U.S. presidents move in armored helicopters and limousines and they still die. Bodyguards would not prevent someone from killing me.

[Dal Bosco] Is it true that pompous ceremonies at Planalto Palace bother you?

[Franco] Ceremonies with much ostentation I do not like. I think they are too artificial. But I do obey the rules. I do everything the protocol chief orders. But I try to do it in the simplest manner. For instance, the granting of credentials to ambassadors was a pompous ceremony. I even had to wear black tie. Why wear black tie to receive ambassadors? The simpler ceremony is more human. I think most people also think that way. They tell me they would rather have simpler ceremonies.

[Dal Bosco] Are you dating someone?

[Franco] Who knows? I do not want to talk about it. I do not talk about my intimate life. I do not ask a reporter whether she is dating someone, or whether she is in love (laughs).

[Dal Bosco] What do you like doing on weekends?

[Franco] Exactly what I am doing now: meeting with friends and listening to a good piano player. (At this moment President Franco is meeting with friends at the Brasao Restaurant, in Juiz de Fora, where he goes every time he is in town. Before, as special guest of the group, he attended the graduation of his daughter Georgiana, who studied law at the Vianna Junion Law School. At the Brasao, he drank beer and ate meat and cheese pie. At the piano, Professor Maria Teresa Lerdersnaier, from the Music Conservatory, played: Love is a Many Splendored Thing, Bolero by Ravel, and the theme of the movie Casablanca, As Time Goes By. The piano player has been playing for Itamar Franco for more than 15 years, and whenever the president is in town, she goes to the Brasao in his honor).

[Dal Bosco] Is it good being the president of Brazil?

[Franco] It is not a question of its being good or bad. It is, above all, a task, and has its gratifying aspects, while other decisions and solutions are difficult.

[Dal Bosco] What have been your best and worst days in the presidency?

[Franco] The happiest day I could not say. But one of the saddest days was when my mother died on 9 December 1992.

[Dal Bosco] How would you like to be remembered by Brazilians?

[Franco] It will be up to history, with its impartiality, to record that.

Franco Criticizes PMDB, Supreme Federal Court

PY3112182893 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 30 Dec 93

[Text] In a meeting with journalists, President Itamar Franco bitterly criticized the Supreme Federal Court [STF] and the PMDB [Brazilian Democratic Movement Party], but praised the National Congress and former Social Security Minister Antonio Brito.

During the 20 minutes he stayed at the Planalto Palace press hall to wish journalists a happy new year, President Itamar Franco criticized the Supreme Federal Court and the PMDB, but praised the National Congress. He also spoke about ministerial reform and the events of 1993.

[Begin recording] We have had a year with a very high inflation rate, but we must also stress, and stress categorically because the newspapers usually do not mention it, and if they do, they only refer to it in general terms, that the country has left recession behind.

The country has managed to reach 1993 with a GDP of 4.5 percent, with all industrial areas fully recovering from recession. We must review several other areas where we had speculation, especially the famous pharmaceutical industry. The government has not yet been able to control the pharmaceutical industry. But the country has grown, especially in the energy area and also in its international relations.

Thus, we can say that although we had a high inflation rate, the country has developed calmly and within a democratic environment. And no one can deny that the country has developed economically. [end recording]

President Itamar Franco also said he is disappointed over the decision adopted by Supreme Federal Court Justice Marco Aurelio de Mello which has granted an injunction in favor of state companies continuing to pay super-salaries.

According to the president, this decision by Justice Marco Aurelio de Mello and the STF does great damage to the country, not just to the government.

The president of the Republic also took the opportunity to praise the National Congress. He said that congressional-Executive Branch relations are perfect and that he hopes the measures adopted by the economic team to curb inflation will be approved.

The president also praised former Social Security Minister Antonio Brito, but bitterly criticized the PMDB.

[Begin recording] Concerning relations with parties, I shouldn't say this because I do not want to fight, I do not want to disrupt the peace, because I would rather have a climate of peace, of love, and of brotherhood, but the PMDB, which until a few days ago had five ministers in the government, suddenly said that it was not part of the government. How could it not be part of the government! It had five ministers holding important posts. They were so important that the PMDB has forgotten that it had important ministers, including one who helped out in my work, who is a friend of mine, and who, in a demonstration of loyalty to the government and to the fatherland, had to leave his post to run for president of the Republic. I am referring to Former Minister Antonio Brito. The PMDB is a party that has grown quickly and has participated effectively in the government. One has to talk with parties that have ministers in the government, but when these ministers deny they are the government, then it is better to find intermediaries to hold talks with other parties. [end recording]

Next Monday President Franco will meet with Senate Leader Pedro Simon to discuss names for the Mines and Energy, Industry and Commerce, and Agriculture Ministries. The president added that the future communications minister must be an expert in the area.

ΩTrade-Technology Accord With Russia

94P20159

[Editorial Report] Crowning months of secret negotiations and reciprocal visits, in early December Brazil and Russia signed a broad trade agreement designed to boost their annual trade from $200 million to $2 billion within a five-year period. The agreement includes cooperation in aerospace research, mutual technology transfer of military materiel, joint ventures in oil production and construction, and other transactions.

Brazil and Russia signed a trade agreement on 3 December to increase their annual trade from $200 million to $2 billion over the next five years, military correspondent William Waack reported in the 4 December conservative daily O ESTADO DE SAO PAULO. During his official visit to Russia from 1 to 3 December, Brazilian Minister of Industry, Commerce, and Tourism Jose Eduardo de Andrade Vieira and Russian Foreign Economic Relations Minister Oleg Davydov discussed the possibilities of space research, transfer of supersonic airplane technology, and exports of Brazilian foodstuffs. Waack noted, however, that everything still hinges on an interbanking agreement that has not even been initiated.

During his Moscow trip, Waack continued, Vieira also visited the Moscow Space Center and was again told by the Russians that they would like to use the Alcantara launch site in Maranhao State for the international Iridium project. Vieira spoke favorably of the project, which envisages placing roughly 60 communication satellites in orbit within the next two years, and said that he would present it to Brazilian President Franco. Moscow's independent, business-oriented KOMMERSANT-DAILY of 4 December, however, said that plans for Russian participation in the project were being developed "at Brazil's suggestion." The Moscow state-run news agency ITAR- TASS on 3 December also quoted Vieira as saying that he had met earlier in the day with Russian Deputy Prime Minister Aleksandr Shokhin to discuss Brazil's participation in the international Iridium space communications project involving the use of Russian Proton booster rockets. Brazil's O ESTADO DE SAO PAULO of 4 December cited diplomats familiar with this issue saying that "the main obstacle" to this project would soon be removed: The Brazilian government is now "willing" to join the Missile Technology Control Regime soon, accepting "an international code of conduct that does not allow the transfer of the technology for building and operating missiles to third parties."

Arms and Aerospace

KOMMERSANT-DAILY of 4 December noted that "Russia has long been mulling over plans for an outlet to

the Latin American arms market. Brazil may become a good springboard for the products of the Russian aerospace complex. In Moscow, the Brazilian side once again expressed interest in joint development of inertial guidance systems for space-launch vehicles."

O ESTADO of 4 December reported that the Monteiro Aranha Group has been negotiating for 18 months with the Russians to purchase defense materiel to assemble Russian MiG-29 supersonic fighters at the Brazilian Aeronautics Company (Embraer) facilities, as well as to buy ships and helicopters. The source quoted one of Vieira's advisers to the effect that the Monteiro Aranha Group "sought a fait accompli so the Armed Forces would have to approve these deals." Moscow's ITAR-TASS and official military newspaper KRASNAYA ZVEZDA, as well as various Brazilian dailies, speculated extensively during September on the ongoing negotiations between the two countries over possible swaps of Russian war materiel for Brazilian foodstuffs. Rio de Janeiro daily JORNAL DO BRASIL on 1 December, however, noted that Frederico Robalinho, trade policy secretary of the Brazilian Ministry of Industry and Commerce, has denied knowing anything about reported Brazilian government purchases of Russian arms. According to JORNAL, reports of possible exchanges of Russian arms for Brazilian food products began circulating in September when Brazilian Army Minister Zenildo Zoroastro de Lucena visited Russia. Robalinho, however, commented only that Brazil is interested in the purchase of helicopters such as the MI-26, spare parts and maintenance of military equipment, as well as a nonmilitary ship to replace the "Barao de Tefe" in the Antarctic. Robalinho, JORNAL added, described this negotiation as "historic" because Brazil and Russia are for the first time carrying out an accord that will develop all possible trade opportunities.

In a related press report, the weekly Sao Paulo news magazine ISTOE reported on 24 November that the Brazilian Army will receive Russian surface-to-air missiles that will be distributed to various infantry headquarters. The delivery of the missiles, according to ISTOE, will begin early in 1994. In an earlier "exclusive" report (ISTOE, 18 November) regarding the negotiations between Brazil and Russia, Army Minister General Zoroastro lauded the "great efficiency of light arms, particularly grenade launchers, manufactured by the Russian defense industry. General Zoroastro also announced that talks between Brazil and Russia to designate a Brazilian Armed Forces attache to Moscow have been concluded; likewise, Russia would have an Army attache assigned to Brasilia.

Background of the Accord

On 18 November, leading Sao Paulo business daily GAZETA MERCANTIL provided considerable detail on the scope and background of the then upcoming Russia-Brazil trade accord. GAZETA commented that the governments of Brazil and Russia had concluded their largest ever economic agreement, the result of "authentic diplomatic engineering spanning five years of secret negotiations" and the "final intermediation, in the Brazilian private sector, by the two Rio entrepreneurial groups, Monteiro Aranha and its associate, ITS Participacoes." The accord provides for bilateral trade increasing to $5 billion in the next five years, with financing from the two governments. The annual volume of trade anticipated is almost six times greater than the $172 million projected for 1993, GAZETA added.

During this period, GAZETA continued, Brazil is committing itself to purchasing various Russian arms and ammunition, rockets, large military helicopters for use in the Amazon Region, special fishing boats and icebreakers, hydraulic and thermal turbines and generators, petroleum and its by-products, gas, chemical-pharmaceutical products, fertilizers, nonferrous metals, primarily aluminum and its by-products, and Portland cement. Russia, in turn, will buy from Brazil the following: designs for hydroelectric and thermoelectric plants; agricultural equipment; beef and pork; soybeans and derivatives; sugar, cocoa, and coffee; textiles; and finished and semifinished shoes.

Two lines of credit have been specially established in the "store account" system, GAZETA continued. In sales of raw materials and commodities" to Russia, the term of payment will be one year and at London Inter-Bank Overnight Rate (LIBOR) rates. In exports of equipment, machines, and manufactured products, the term will be five years, also at LIBOR rates. Banks and firms directly involved are Bank of Brazil, Sao Paulo State Bank, Monteiro Aranha, Andrade Gutierrez, Embraer, Brazilian Petroleum Corporation (Petrobras), Ceval, Vinicola Aurora, Tramontina, Iochpe-Maxion, Grendene, Portobello, Olvebra, Artex, and Neiva.

KOMMERSANT-DAILY of 4 December said that lines of credit from the Russian side will probably be provided by Mosbiznesbank, Mezhkombank, Imperial Bank, and the Export-Import Bank.

The accord also provides for the establishment of "joint ventures" including the following enterprises:

* Andrade Gutierrez and Monteiro Aranha, in association with Agrarian Technologies of Russia, Neftkom, MID-Continent of the United States and John Brown of Great Britain, to design and build a refinery in Krasnodar;

* Brazilian firms and Anglo Resources Ltd. in oil exploration in the Stavropol Basin;

* Monteiro Aranha and Anglo Siberian Oil Ltd. in developing the design and construction of a refinery in Krasnoyarsk, as well as participating in the consortium to build a bridge over the Yenisey River in the same area.

Providing an historical perspective to the agreement, GAZETA went on to say that from the diplomatic standpoint, this accord with Russia has a very special

strategic dimension," particularly concerning cooperation in "sensitive" technologies that will be started with "very small-scale transactions." Such, it went on to say, is the case of the association of Embraer with the Russian aeronautical and space conglomerate, Aviaprom, together with Mashinoeksport, the sectoral foreign "trading" company. The two Russian firms presented a formal proposal to Embraer to form a multinational group, in which Argentine and South African state firms would participate to develop the CBA-123, a civilian aircraft that has been gradually developed by Embraer. Aviaprom and Mashinoeksport subsequently invited Embraer to examine their "Delfine" and "Be-30" models with Russian TVD-1500 and TVD-20 turbines of similar performance to the U.S. Garrett TRF351-20 that would be used in the CBA-123. The three firms then began the technical discussion involving the "plan, production, and sales" of a line of agricultural planes with two basic models having a capacity of up to 0.6 and 2.5 tons respectively.

The technical discussions, GAZETA continued, were followed by a letter from Aviaprom President A. Gereshchenko to Embraer President Ozires Silva in October 1993 noting that "we have a good basis for cooperation." There followed a written invitation from Gereshchenko and Mashinoeksport Vice President I. Latin for Embraer to participate in "the creation and operation" of the Burlak aerospace complex. Both Gereshchenko and Latin had been in Brazil in February 1993 in a secret visit to the Alcantara launch site in Maranhao, GAZETA pointed out, and then noted that 10 weeks later, Embraer, Neiva, Aviaprom, and the Myaslshchev Design Bureau signed a protocol to launch communication satellites from Alcantara. There was, according to GAZETA, a parallel accord between the Monteiro Aranha group and Khrunichev Enterprise to use Russian rockets as launchers. The Monteiro Aranha group also signed an agreement with Rostvertol in Rostov to sell large Russian helicopters of the Mil line in Brazil.

GAZETA further noted that in September 1993, Army Minister General Zoroastro headed a military delegation to Russia to study military equipment and missile technologies available to Brazil, and added that the Brazilian Government has been trying to attract partners to its space program by offering the use of the Alcantara site, where satellite launches cost an average 20 percent less than from any other launch site in the world. In addition to Russia, Brazil is engaged in negotiations with China, which Strategic Affairs Secretariat Minister-Chief Mario Cesar Flores has often called "the partner of the future," GAZETA concluded.

Roundup of Economic Reports Through 30 Dec

PY0101222894

[Editorial Report] The following is a compilation of reports on economic activities in Brazil monitored through 30 December.

Fuel prices will go up 17.49 percent as of midnight tonight. Accrued readjustments of alcohol, gasoline, and diesel oil prices during the month total 38.59 percent. The price of kitchen gas will go up 19.79 percent to guarantee the extension of the gas bond, according to a presidential decree published last week. (Brasilia Voz do Brasil Network in Portuguese 2100 GMT 28 Dec 93)

Jose Mauricio, Rio de Janeiro mines and energy secreatry, reported on 16 December that the Brazilian Petroleum Corporation will invest $38 million in the construction of two gas pipelines that will link the cities of Macae, Campos, and Cantagalo, in the northern part of Rio de Janeiro State. (Sao Paulo GACETA MERCANTIL in Portugeues 17 Dec 93 p 16)

National Treasury Secretary Murilo Portugal reported yesterday that the national treasury registered a 60.7 billion cruzeiros surplus in November compared with October when the deficit was 89.9 billion cruzeiros. Murilo Portugal said that this is the result of an increase in the tax revenues and a drop in the expenses. Tax revenues totaled 877.6 billion cruzeiros in November, 21.2-percent more than in the same month last year. Expeneses were 824.6 billion cruzeiros, a drop of 13.64 percent compared with November 1992. (Sao Paulo GACETA MERCANTIL in Portuguese 17 Dec 93 p 3)

On 16 December the Central Bank reported that Brazil's international reserves were $29 billion in October, a record figure. Foreign investment was $3.6 billion in October, 31-percent higher than in September when it was $2.8 billion. The accrued investment totalled $23.7 billion in the first 10 months of the year, 33-percent higher than in the same period last year. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 17 Dec 93 Section 2 p 1)

The Federal Revenue statistics reveal that Brazil which was among the cotton exporting countries until 1991, with annual sales of approximately $150 million, this year became the second major world importer of the product. Cotton imports totalled $590 million beteween January and October 1993, compared to the same period last year, when they were $162 million. Up to October, Brazil imported 350 metric tons of cotton, mainly from Russia, India, Pakistan, Greece and the United States to meet almost 50 percent of the Brazilian consumption which is estimated at 780,000 metric tons. (Sao Paulo GACETA MERCANTIL in Portuguese 17 Dec 93 p 19)

Sergio Magalhaes, president of the Brazilian Association of Machine Industries, has reported that mechanical industry capital goods totalled $13.42 billion in 1993, 2 percent less than last year. This is the sector's worst performance since 1975. (Sao Paulo GACETA MERCANTIL in Portuguese 17 Dec 93 p 10)

Chile

Aylwin Addresses Nation With Year-End Message

PY0101163794 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0102 GMT 1 Jan 94

[Chilean President Patricio Aylwin's year-end address to the nation from La Moneda Palace—recorded]

[Text] Fellow countrymen: On New Year's Eve I wish to convey to all Chilean citizens and all those who live in our fatherland a cordial message of friendship and hope.

As this year ends we have legitimate reasons to feel satisfied. The recent presidential and parliamentary elections concluded a phase of our history in which Chile happily rescued its democratic traditions. We Chileans live in peace, respecting our legitimate differences and striving to overcome them through understanding. Authority is exercised within the framework of the law; the peoples' basic rights are respected; the state institutions, although they need to be perfected, function normally within the framework of our democratic system; the country continues to develop. With the limitations characteristic of a developing world, Chile grows and improves the living standards of its people. Production, income per capita, job opportunities, savings, and investments continue to grow. Unemployment and inflation rates are dropping. More houses, highways, ports, and other infrastructure works are being built. The great efforts to improve our public health and education systems are beginning to yield positive results.

Yet, we must be careful. These achievements which fill us with pride and hope must not make us complacent. Although we have reasons to be optimistic, nothing justifies any sort of vanity or arrogance. We are neither tigers nor jaguars. We are one of the many developing countries in the world greatly limited by the poverty that affects a great part of our population and by our economy's dependency on fully developed countries. A single example is enough to show what I mean. During the year that is ending, the drop experienced by our main exportable goods, as a result of the recession affecting most of the rich countries, has reduced Chile's income from exports by 8 percent regardless of the fact that the volume of our exports has continued to grow. This fact requires that we continue with our policy for growth with equity with each and every one of us cooperating, according to our own possibilities, with the clear understading that work, perseverance, and time are necessary to be able to reap the desired results.

As we tackle this challenge we must bear in mind that we belong to an increasingly interdependent world. This is why we must persevere in the effort made during these past years in order to increase and strengthen our relationship with the other countries of the world and cooperate with them in the task of consolidating peace, of increasing and liberalizing world commerce, and building a more fair international order. The steps we have taken to solve problems and increase cooperation with neighboring countries and other Latin American sister republics, and our recent acceptance as an APEC [Asia Pacific Economic Cooperation] member country represent valuable contributions in that regard, that open new possibilities for the future of our country. Likewise, the recent agreement reached at the GATT Uruguay Round and the approval of the North America Free Trade Agreement represent legitimate reasons for optimism for our future.

In September 1990, before the UN General Assembly, I had the honor to urge jointly tackling the poverty problem which is one of the main threats to world peace. Accepting this suggestion, the United Nations has summoned a world summit on social development that will be held in March 1995 and will be organized by a committee headed by the Chilean ambassador. Therefore, we must, as a country, contribute with constructive ideas and promote efficient international agreements so that this summit will be fruitful. I urge my fellow countrymen, in the year that is comming, to accept this challenge as a national commitment.

The year 1994 has been declared the International Year of the Family. It is only natural that human beings value the family which, by essence, is the natural home of love and the nearest social nucleus we all have. Undoubtedly, some characteristics of modern life threaten to undermine the strength of the family.

In modern culture, selfishness prevails over love for our fellow man. More often than not there is more interest in material issues than in people and the desire to have material possessions prevails over the desire to have good friends. The greed for pleasure overwhelmingly surpasses the willingness to make any sort of sacrifice. These facts weaken family ties and affect the family's stability, obviously harming its members, especially the children. I cordially urge all my fellow countrymen to calmly ponder about this very important subject and to contribute in the search for the most adequate paths to fortify our family life.

Next March the new government recently elected by the people, which will be headed by my friend Eduardo Frei Ruiz-Tagle, will assume the presidency. I hope the new government will be able to continue and strengthen, in keeping with its government program, the job of perfecting our democracy, economic development, and social justice for which we have worked these past years.

In addition to thanking my fellow countrymen for their support and sense of responsibility with which, in general, they have honored my government, I ask them for the same for my successor.

I wish that the new year will be a year of peace, development, and justice for Chile and the entire world. I wish happiness to all my fellow countrymen. May God bless you all.

Government Signs Extradition Treaty With Nicaragua

PY3012201193 Madrid EFE in Spanish 1821 GMT 28 Dec 93

[Text] Santiago, 28 Dec (EFE)—The Governments of Chile and Nicaragua today signed an Extradition and Judicial Cooperation Treaty. The treaty will take effect once the two countries' congresses ratify it.

The treaty was an idea proposed during the last OAS General Assembly in Managua. It was signed by Chilean Foreign Minister Enrique Silva Cimma and Nicaraguan Ambassador to Santiago Roberto Ferrey.

Chilean Justice Minister Francisco Cumplido characterized the ceremony as "very important," adding that the agreement is a step forward in the fight against crimes whose effect go beyond national borders, such as terrorism and drug trafficking.

Cumplido made it clear that the new treaty will have no effect on the extradition petition for Chilean ultra-leftist leader Sergio Bushman that Chile presented to Nicaragua months ago.

Bushman, a high-ranking Manuel Rodriguez Patriotic Front (FPMR) leader, has been sought by Chilean justice since 1987 when he broke out of a Valparaiso jailhouse while standing trial for the contraband of weapons for use against General Augusto Pinochet's military regime (1973-90).

Bushman lived a few years in Sweden and then moved to Nicaragua, where he lives as a political refugee spending his time dedicated to the theater, according to what he told journalists.

Francisco Cumplido said he hoped the Bushman case will be resolved before the new treaty takes effect following its ratification by the Chilean and Nicaraguan Congresses.

Foreign Ministry Legal Department sources said Bushman's extradition petition currently is being studied by the Nicaraguan Supreme Court.

Looking To Resume Ties With Cuba

PY0101160594 Madrid EFE in Spanish 1435 GMT 30 Dec 93

[Text] Santiago, 30 Dec (EFE)—Foreign Minister Enrique Silva Cimma today confirmed that the Chilean Government is looking into the possibility of resuming diplomatic relations with Cuba. He did not specify, however, whether this would take place before the change of government on 11 March.

Silva Cimma told the media that the subject is being studied "carefully" and that "every aspect of what the relationship between Chile and Cuba represents" is being taken into account.

Diplomatic relations between the two countries were broken following the 11 September 1973 coup to oust Chilean President Salvador Allende.

When Patricio Aylwin assumed the Chilean presidency in March 1990, relations were restored at the consular level, despite the interest of the socialist sector of the governing Coalition of Parties for Democracy in fully resuming relations with an exchange of ambassadors.

Since then, however, there has been a strong rapprochement in the commercial field between the two countries and several Chilean businessmen have invested in the tourism and agroindustrial fields in Cuba.

From the political viewpoint, Carlos Lage, vice president of the Cuban State Council and executive secretary of the Council of Ministers, visited Chile in response to an invitation from the Chilean Government. Lage said that the invitation was a demonstration of the mutual interest in moving toward a gradual integration process

Last November, Chile voted at the UN General Assembly in favor of lifting the U.S. commercial embargo on Cuba.

According to political sources mentioned by the Santiago daily EL MERCURIO, the Chilean Government wants to resume relations before 11 March in view of Cuban President Fidel Castro's interest in attending the presidential inauguration.

EL MERCURIO goes on to say that within the Chilean Government there are also some who are against this idea. They consider it inadvisable that Castro be at the ceremony because the display he makes during his trips abroad might overshadow Chilean President-elect Eduardo Frei.

According to EL MERCURIO, these sectors also believe that Castro might create problems with other countries with which Chile wishes to maintain good relations. The daily thus recalled the public disputes between Castro and Argentine President Carlos Menem a few months ago in La Paz during the inauguration of Bolivian President Gonzalo Sanchez de Losada.

Roundup of Economic Reports Through 30 Dec

PY0101221594

[Editorial Report] The following is a compilation of reports on economic activities in Chile monitored through 30 December.

The profits of the Copper Corporation's Chuquicamata Division will amount to $385 million this year, a drop of 43 percent compared with 1992. Production this year will total 615,000 metric tons, which means that the company fulfilled its production plan by 102.3 percent. Investments were $207 million compared with 1992 when they were $206 million. (Santiago EL MERCURIO in Spanish 17 Dec 93 pp B1-B20)

The Institute for Export Promotion has reported that from January to October Chilean exports to Europe totaled $2.179 billion and those to the Middle East totalled $70.8 million, a drop of 19 percent and 3.2 percent respectively compared with the same period last year. Exports to Latin America totaled $1.560 billion, an increase of 12 percent during the same period. (Santiago EL MERCURIO in Spanish 14 Dec 93 Economic and Business Section p B2)

Colombia

Acting Defense Minister on Presence of U.S. Soldiers

PA3012190693 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 30 Dec 93

[From the "National News" newscast]

[Text] General Ramon Emilio Gil Bermudez, acting defense minister, confronted today the dust storm unleashed by the arrival of U.S. soldiers in Bahia de Malaga. He insisted that it is just a technical collaboration and said that the Armed Forces' 1994 objective is to capture the guerrillas' leaders.

Gil reiterated today that the presence of U.S. soldiers in the Colombian Pacific area is simply due to technical collaboration.

[Begin Gil recording] The real reason why they—not Marines, but military engineers or a detachment of military engineers—are here is to execute an operation of mutual assistance. [end recording]

Gil downplayed the importance of the Americas Watch reports, which accuse the mobile brigades of violating human rights in certain areas of Colombia.

[Begin Gil recording] The reports that reach these organizations have already been distorted; they have an intention that favors criminals. [end recording]

Gil said the Army's main objective for 1994 is to reduce the offensive capability of guerrillas and, if possible, capture the leaders.

Senator Takes Legal Action Over U.S. Troop Presence

PA3012220493 Hamburg DPA in Spanish 2038 GMT 30 Dec 93

[Text] Santa Fe de Bogota, 30 Dec (DPA)—Colombian Senator Everth Bustamante today lodged a formal complaint at the Attorney General's Office against President Cesar Gaviria for having authorized the entry into Colombia of U.S. troops, who according to the official version, will build a school and repair roads.

Bustamante, who is a member of the leftist-center 19 April Movement Democratic Alliance, said that Attorney General Carlos Arrieta must establish if Gaviria violated the Constitution, which empowers Congress to authorize the presence of foreign troops.

According to the government and the U.S. Embassy in Santa Fe de Bogota, 133 military engineers (25 have already arrived) will have the mission of building a school and repair roads near the village of Juanchaco, on the Colombian Pacific coast.

Nevertheless, today the press asks about a possible "undercover objective" by the U.S. soldiers, in view that "heavy equipment" began arriving that seems "exaggerated" for accomplishing the announced mission. Reporters who with difficulty observed the landing of the first troops due to severe security measures, spoke of the arrival of four vessels with five tanker trucks (to transport fuel), more than 20 trucks, backhoes, ambulances, and 10 jeeps.

In the opinion of Bustamante, "no one is so naive to believe that U.S. troops are needed to build a little school ... I believe that the Armed Forces seek other objectives rather than carrying out simple social cooperation work."

The governments of Santa Fe de Bogota and Washington have explained that the soldiers' mission is part of a cooperation agreement and specifically is a plan to improve conditions of the inhabitants of Juanchaco, an impoverished village of about 1,500 inhabitants. Some of the media, especially Santa Fe de Bogota's LA PRENSA newspaper, do not rule out that the soldiers are carrying out an "undercover" operation against Cali Cartel drug traffickers who operate in southwestern Vallde del Cauca Department.

Nonetheless, Acting Defense Minister General Ramon Gil said that the soldiers will only carry out social work "for everyone to see," after stressing that no weapons will be used for their work. Gil added that the fact that the soldiers bear no arms allowed Gaviria to unilaterally authorize their entry into Colombia, without requiring advance permission from Congress, an idea that is not shared by several political leaders.

U.S. Government Reportedly Paid Millions for Troops' Entry

PA0201024294 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0130 GMT 2 Jan 94

[From the "TV Today" newscast]

[Text] The U.S. Government gave the Colombian Government $700 million to allow 122 U.S. Marines to build a school and health center in Juanchaco in southwest Valle del Cauca. That sum is equivalent to 56 billion pesos and seems an astronomical amount for the two projects. If the Marines' presence in Colombia is not approved, the government would have to return the money.

Right now there is only confusion, mystery, and absolute silence toward the media at the port in Malaga Bay. These vessels, aboard which the 122 U.S. Southern Command engineers, materials, and military trucks arrived, are the only words. Everything here has come from the United States. The U.S. flags flying on the vessels speak for themselves, because neither the gringos nor Colombian military are willing to explain anything on camera. They say the whole matter is being handled by the Defense Ministry.

The "TV Today" newscast was able to contact the gringo team leader, who told us that Colombia should be proud to have this great assistance from his country. For them, this mission, during which a school and a health center are allegedly to be built in Juanchaco, is just a complementary training operation for the military engineers. This type of operation is almost like a generous donation for Colombia. But no one understands and no Colombian can conceive of how the United States can invest $700 million in something supposedly as simple as a small school and a health center.

The troops have not been able to disembark because of the problems that have cropped up regarding their arrival. Their orders were to arrive at port, disembark, and move out immediately. The U.S. military says that if the Colombian Government's decision is delayed any longer, Colombia would simply have to return the $700 million and the U.S. troops would go back the way they came. In Juanchaco, meanwhile, the people do not seem to want the foreigners around, even though they say they are not Marines and that they are not invading Colombia; on the contrary, the soldiers say they want to offer our country great assistance.

Defense Minister Agrees With Venezuelan Border Actions

PA3112000593 Santa Fe de Bogota EL NUEVO SIGLO in Spanish 29 Dec 93 p 6

[Text] Defense Minister Rafael Pardo Rueda disclosed yesterday that Colombian and Venezuelan military forces are coordinating activities on each side of the border to stop kidnappings, extortion, car thefts, and drug trafficking.

The defense minister, who was released from the Shaio clinic yesterday, said Venezuela's decision to reinforce counterinsurgency operations in the border area is appropriate. The senior Colombian official said: "We agree with those decisions and it seems to us very appropriate that they have taken strong measures to control their side of the border area." He reiterated that "there is absolutely no problem with the Armed Forces. There is permanent coordination and communication and we consult with each other on many of the decisions that affect security along the border. There is total harmony in this regard."

The minister said coordination also exists with the Ecuadoran authorities to stop violent actions.

The minister made his remarks after learning about the Venezuelan Government decision to create a rural security committee to reactivate the specific commando units and vigorously deal with the activities of the Colombian guerrillas in the border area, where 200 Venezuelan cattle ranchers have been kidnapped.

Defense Minister Rafael Pardo Rueda said that 1993 has been a good year for the Armed Forces and the National Police, because results were achieved in many fields. The minister announced he will return to work in three weeks and he has already begun to keep abreast of the issues being handled by his office.

Gaviria Urges Rebels To Renounce Violence

PA0101183894 Madrid EFE in Spanish 2237 GMT 30 Dec 93

[Text] Santa Fe de Bogota, 30 Dec (EFE)—Colombian President Cesar Gaviria today called on his country's guerrilla groups to renounce violence and seek new paths of dialogue and peace. In his end of the year message, Gaviria said: "I am speaking on behalf of more than 30 million Colombians in asking the violent ones in Colombia to put a halt to their deadly intentions, to give up their tragedy, and to return to a peaceful life."

The president said the country recovered confidence in 1993. He noted that he has aimed his efforts at strengthening and modernizing the state, at internationalizing the economy, at revitalizing justice, and at strengthening the capabilities of the Armed Forces.

In his final end of the year message as president of Colombia, Gaviria stated: "We have learned that nothing is the product of the efforts of a single moment, that all achievements are the fruit of sustained and collective efforts, and that victory is attained when the people place the nation's collective interests above their own personal interests." Gaviria also invited his fellow countrymen to participate in the political campaign and to listen to the proposals of all the presidential candidates.

Roberto Escobar Asks Los Pepes for Peace Following Attack

PA0301033494 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1800 GMT 2 Jan 94

[From the "NTC News" newscast]

[Text] Roberto Escobar Gaviria, who is recovering from injuries sustained during an attack against him at the Itagui Maximum Security Prison, today issued from the military hospital a Peace Communique, which was written and signed by his mother, Hermelinda Gaviria de Escobar. In the communique, Escobar claims to be the spokesman for the Escobar family and the arrested members of the Medellin Cartel in various Colombian prisons and asks Los Pepes [Persecuted by Pablo Escobar] for peace. The brother of the former chief of the

Medellin Cartel asks his archenemies to seek a negotiated and public solution to the conflicts they maintain with his group.

Roberto Escobar said his family has maintained a peaceful attitude despite the attacks they have sustained following the death of the Medellin Cartel capo. Roberto Escobar remains under medical surveillance at the military hospital after the Pepes attacked him at the Itagui Maximum Security Prison. It has been unofficially learned that there is little chance that the brother of late drug kingpin Pablo Escobar Gaviria will recover his vision following this attack.

Ecuador

Legislators Approve Tax Reform Bill

PA3012121693 Quito Cadena Ecuador Radio in Spanish 2300 GMT 29 Dec 93

[From "The Reporter" newscast]

[Text] At 0543 this morning, the special congress session that lasted almost 10 hours concluded. The nation's legislators approved the tax reform bill sent by the Executive Branch but with substantial modifications. Here we have a report by Eugenia Salazar:

[Begin Salazar recording] Heinz Moeller, leader of the Social Christian parliamentary faction, maintained that the Ecuadoran people succeeded in view of the Executive Branch's attempt to increase IVA [value added tax] by 8 percent under the pretext of a drop in the oil prices at the international market. Moeller said that his party headed the struggle against the taxes and rejected the government intentions to increase them. The public backed this position and this prevented the government from insisting on an IVA increase.

The Social Christian deputy praised the Executive Branch's political decision to order its deputies to remain in the sessions to permit the required quorum. This decision permitted the approval of the tax reform bill without the 8-percent increase that was initially proposed by the government. [end recording]

Debt To Be Paid Despite Drop in Revenues

PA3112034493 Quito Voz de los Andes in Spanish 2300 GMT 30 Dec 93

[From "The Voz Andes" newscast]

[Text] Quito—The Ecuadoran Government has announced that it will continue to pay the debt with international financial organizations despite the drop in revenues caused by a reduction in the price of export crude.

Finance Minister Cesar Robalino said: We must pay financial organizations whether we have a crisis or not. Asked what will happen to the debt with commercial banks, the minister said: We will see what happens but at this moment, we are not paying the commercial debt or its interest.

Ecuador has an overall foreign debt that surpasses $12.550 billion of which $6.5 billion are contracted with commercial banks and the rest with Western governments and international financial organizations. For the past year, Ecuador has been negotiating a program to reduce and refinance the debt. It has also been negotiating an adjustment agreement with the IMF, but it has been unsuccessful in both cases. Meanwhile, government officials predicted that the impending fiscal crisis prompted by the drop in crude prices will not have grave effects on the foreign debt negotiations.

On Wednesday, Finance Minister Robalino told reporters that Ecuador will continue to pay what it owes international financial organizations regardless of a crisis. Robalino, who heads the debt negotiations team, added that one will have to see what happens in the relations with the creditor banks. However, he stressed, the suspension of debt payments that became effective in May 1992, will remain in effect.

In addition, Central Bank Manager Augusto De la Torre said that the government strategy is to avoid, at any expense, a fiscal imbalance and the reactivation of inflation. He noted that this will allow Ecuador to guarantee a good understanding with creditors. De la Torre said that he hopes that the fiscal crisis will not affect the debt negotiations. The government is bent on avoiding a fiscal imbalance and in the wake of Congress' approval of the budget, it will have to think of more profound cuts in expenditures. He added that the government is firm in its objective to avoid a fiscal imbalance and if this is attained, and I hope it will be, he said, then we will get IMF approval for our country's economic program.

Minister, Congressmen Sign 1994 Budget Document

PA3112042293 Quito Voz de los Andes in Spanish 2300 GMT 30 Dec 93

[From "The Voz Andes" newscast; all figures as heard]

[Text] Quito—The country's 1994 budget amounts to 6.2 trillion sucres, the pertinent document was signed today.

Effective today, the Ecuadoran State will have a new 1994 general budget: 5.985588 trillion sucres is the money that the state will have available next year. Members of the Congress Budget Committee and Finance Minister Cesar Robalino signed the pertinent document.

[Begin Budget Committee Chairman Jorge Marun recording] We completed the presentation of a draft fiscal budget for 1994 which is totally financed. It is a budget that will allow the Executive Branch to carry out

its [word indistinct] program. This is great satisfaction for the National Congress and the Budget Committee and we honestly think that we fulfilled our duty to the Ecuadoran fatherland. [end recording]

Meanwhile, Robalino described 1993 as an economic success.

The 1994 budget, based on an average of $13 per barrel of oil, mainly includes plans to help the social sector. Thirty percent of the budget will be spent on education. Other sectors are also included in it, such as health, public projects, and social welfare, areas that did not have a budget before, this is the opinion of Eduardo Villaquiran, a member of the Budget Committee:

[Begin Villaquiran recording] The country has a budget that is fully financed, and financed without taxes. It was financed at a lower figure than that which the Executive Branch sent to us. This is very important. Every year the draft budget is sent to Congress and it is usually approved with its financing, but with higher figures. This time, it was a lower figure and this is due to a lack of revenues caused by the drop in the price of a barrel of oil. [end recording]

In addition, each deputy will get 600 million sucres to carry out projects in their provinces.

Paraguay

Senate Passes 'Final Version' of Budget Bill

PY3012164693 Asuncion ULTIMA HORA in Spanish 16 Dec 93 p 11

[Text] This morning the Senate passed the 1994 national budget bill, which contemplates total expenditures of 2,330,144,000,000 guaranies for the central administration and 3,518,351,000,000 guaranies for the decentralized administration. This is the final version, and the executive branch can now promulgate the bill. The Senate ratified its original position because legislative proceedings do not allow for a partial acceptance of the Chamber of Deputies' amendments.

The figures contemplate differentiated salary increases for public employees not affected by the Labor Code, just as was originally proposed by the Senate the first time it studied the document.

As a result, teachers and health workers will have two adjustments next year, one in January and one in July. Each adjustment will be of 10 percent. This final congressional decision might reestablish good relations between teachers unions and the Education and Worship Ministry, and allow the training of teachers who will start the educational reform in 1994. The adjustments would also prevent strikes from disturbing the teaching schedule during the school year.

Military and Policemen

Military salaries will have a single adjustment of 10 percent as of January, plus a bonus of 85,000 guaranies for each food coupon.

The National Police will have differentiated salary adjustments: Officers will receive a single 10 percent salary adjustment, while noncommissioned officers will receive a single 20 percent adjustment, both as of January. Both groups will also receive 85,000 guaranies for each food coupon, just as does the military.

Lastly, all other public employees not affected by the Labor Code will receive the following adjustments: Those now receiving a salary of up to 500,000 guaranies will be granted a single adjustment of 10 percent in January, while those earning more than 500,000 guaranies will receive a 7.5 percent adjustment in July.

The Senate rejected the Chamber of Deputies' amendments to the Central Bank and Social Security Institute (IPS) budgets.

As a result, the Central Bank will not be able to dispose of 9 billion guaranies for loans to bank employees and local contribution to foreign credits aimed at supporting small businesses in the country. The IPS will be able to dispose of 20 billion guaranies broken down as follows: 15 billion for loans to companies, and 5 billion for loans to insurers.

The figures approved by Congress will not be objected to by the executive branch if we believe the last Finance Ministry message to Congress, containing a request to the Chamber of Deputies to ratify the salary adjustments proposed by the Senate.

Budget Deficit

Besides approving each public company budget, the Senate also approved the legal authorization for the Finance Ministry to cover eventual deficits with Central Bank emissions or public or private commercial bank credits (BNF [National Development Bank], BNT [National Workers Bank], and other banks). These financial aids could be considered as taken on account from Itaipu royalties when the royalty disbursements are delayed.

Military Officers 'Annoyed' With Wasmosy

PY3012160193 Asuncion ABC COLOR in Spanish 30 Dec 93 p 5

[Text] High-ranking military sources on 29 December stressed that there some high-ranking officers who are annoyed because they were not given an audience with the president and commander in chief of the Armed Forces, Juan Carlos Wasmosy. The complaints highlight the fact that when he visits his offices at the Armed Forces headquarters, the chief of state prefers to meet with [Army Commander in Chief] Division General

Lino Cesar Oviedo Silva, with whom, according to the reports, he meets for two or three hours.

The reports indicate that the high-ranking military officers are also annoyed because on 29 December Wasmosy abruptly suspended the scheduled audiences because of a commitment at Government House.

Some of the officers expressed their annoyance because they had to come from the interior of the country, where their units are located, to talk with the commander in chief and to receive their instructions. According to the reports, this type of situation has become repetitive and fewer and fewer audiences are being requested.

President Wasmosy Interviewed

PY3012201093 Asuncion Cerro Cora Sistema Nacional de Television Network in Spanish 0149 GMT 30 Dec 93

[Interview with Paraguayan President Juan Carlos Wasmosy by anchorwoman Stella Ruffinelli during the weekly "Coordenadas" program from the presidential residence—recorded, no date given]

[Excerpt] [passage omitted] [Ruffinelli] Let us talk about what is probably a more conflictive, but unavoidable, issue. Why do people believe [Army Commander] General Lino Oviedo has so much power in the country. Is it just their imagination or does he really have so much power? I am asking you this question in your capacity as commander of the Armed Forces.

[Wasmosy] I would say that he is a very active person. Within the Armed Forces he is probably the most concerned about his subordinates. This attitude is probably interpreted by some as if he were the most powerful person within the Armed Forces. However, looking you straight in your eyes I can tell you I have never had any problems with Lino Oviedo. I, personally, here in my office, filled in the posts of the Armed Forces organization chart. First I worked on it with [Military Forces Commander Vice Admiral Eduardo] Gonzalez Petit, then with the Army, Navy, and Air Force Commanders and the chief of the joint staff. The logistics commander was also present on some occasions as was [Division General Pedro de la Cruz] Ocampos, the chief of staff. They can confirm that the appointments were made directly by me.

I would like refer to those remarks that so-and-so was appointed because it will help Oviedo or that so-and-so is against so-and-so, and that sort of comment. I can show you the service record, the military law, and the seniority list, and you will see that I have respected the officers' seniority and their merits. So much so that the commanders of the engineering, transmission units are the best there are. Nobody can accuse me of having discriminated against anybody who was the top of his class. By no means. Why do you think they respect my decisions. Injustices surface sooner or later.

[Ruffineili] What many people question is the possible political actions of Gen. Lino Oviedo.

[Wasmosy] Do you consider it to be political action when he helps each and everyone in his home town by building a school, giving social assistance, and so on. I regard it as absolutely normal. Now, if he stood up and said he wants to be president of a Colorado Party precinct or that so-and-so must be appointed, etc., yes, that is engaging in politics. I would really like all my aides to help me. I am being frank and must say that many commanders —within their jurisdiction—do so. Not long ago we dedicated social projects with General Barreto, the Curuguaty commander. When these ceremonies occur in rather distant regions and there is no transportation, the media just do not turn up.

[Ruffinelli] When there is no means of transportation?

[Wasmosy] This is probably why these ceremonies are not covered sufficiently. But they are all doing their best to increase the level, to humanize the Army. Soldiers and sergeants currently live like human beings. These activities are criticized because it is always...[changes thought]... well this is the price of being the Army commander, this is the price I have to pay for being president of Republic. As a means of consolation, and to give myself a bit more courage, when I receive criticisms which I accept happily—well, not happily but which I tolerate...

[Ruffinelli] Let us talk about that later...

[Wasmosy] ...which I tolerate, because we must be frank, I tell myself they are directed against the president of the Republic. Juan Carlos Wasmosy is president of the Republic, but only temporarily. Every criticism is directed against the leader, against the authority. That is only normal. It happens within the Army, religious congregations, among bishops and cardinals, right? For example, you women sometimes complain about your husbands, because they are the boss at home.

[Ruffinelli] Of course. Well, we will see who is the boss.

[Wasmosy] Well, in some cases the husband is the boss.

[Ruffinelli] Engineer, sometimes Gen. Oviedo's actions—which may be done in good faith—are questioned. There is a very narrow margin between proselytism, campaigning, and engaging in politics. As you well know, this is banned by the Constitution. Right from the beginning of this interview you have said that your main concern, your main goal is to respect the Constitution. Is there any chance, if he were to engage in politics, that ....

[Wasmosy] If Gen. Oviedo were to engage in politics, let us say seeking to obtain a post within a party precinct, that is one thing.

[Ruffinelli] I don't think he will go that far.

[Wasmosy] That situation would justify your criticisms, but if he is only helping the government—to which the Armed Forces belong—implementing social projects because you should recall that the Army...

[Ruffinelli] Do you believe he is acting in good faith?

[Wasmosy] I believe he is acting in good faith. What is more, I have no complaints against him. I believe that to have the Army cooperating as it is now, guarantees this democratic process.

[Ruffinelli] Why?

[Wasmosy] Because the Army will not tolerate anything that violates the Constitution. People believe that we will only live in democracy through the downfall of the Colorado Party. We are proving that the Colorado Party brought democracy back to the country and that it is consolidating this democratic process. People also say that free elections and democracy are not possible until Lino Oviedo is not discharged or retired. That is not true, young lady. Quite the opposite. Let us look at things positively. I believe the Colorado Party and an institutionalized, well organized, rationalized Armed Forces are the best guarantee to consolidate our democracy. This is not a story, I am absolutely convinced of what I am saying.

[Ruffinelli] Engineer. Changing the subject and referring to another subject that has surfaced...

[Wasmosy] I don't know whether I am passing your test.

[Ruffinelli] I am not testing you. We want to share this moment with the SNT listeners throughout the country during the last few days of this year. I want to raise another important topic which has been a matter of concern lately: drug trafficking and money laundering and the U.S. Government's concern reflected in a press communique written and signed by [U.S. Ambassador to Paraguay] Jon Glassman. What do you have to say about this?

[Wasmosy] There are three aspects to this problem. There are countries that consume drugs, produce drugs, and others that act as routes for drug trafficking. Let us hope our country is not used as a route between producer and consumer countries.

[Ruffinelli] This is what we are being accused of.

[Wasmosy] It would be regrettable if our youth became hooked on this really lamentable vice. I have repeatedly and publicly stated that I am in favor of a total struggle against drug trafficking, money laundering, and I am against those who kill to steal, who traffic in stolen vehicles, etc.

I believe Ambassador Glassman made a rather hasty comment when he stated that honest people have been replaced by dishonest people, yet failed to say who the dishonest people are. One cannot make groundless charges. I respect him in his capacity as ambassador but, as long I am president of the Republic, I will not allow him to interfere in the domestic affairs of this country. Paraguay is a small but sovereign country.

There is a lot of talk about obscure situations, that so-and-so is involved. If people provide me with evidence I will dismiss the guilty parties. I have already removed several people involved in the contraband of cigarettes, chickens, and onions brought from Brazil or Argentina, but one cannot make groundless charges and suspect everyone. Do people not trust me? I have proven I am trustworthy. I want to tell the listeners that I summoned Ambassador Glassman to Government House together with [Alternate Senator Eustacio] Morel Garay and General Escobar Anzoategui [National Antinarcotics Secretariat, Senad, executive secretary] and told him that if he wanted to know anything about the Senad he should ask General Escobar and not Morel Garay or anybody else because there is a chain of command that must be respected. We cannot tolerate intervention at the various levels. Either you have trust or you do not. I cannot decide if a person is involved in drug trafficking or money laundering if I do not have evidence. If you tell me who is guilty of these crimes and bring the evidence against the person then it is my responsibility to follow it up, but in the meantime I cannot prejudge.

[Ruffinellii] Engineer, please allow me to mention some figures that are of concern to the U.S. Embassy which, as you known, is a landmark in international affairs. They say that during the past years we have only managed to seize a few kilos of cocaine, I think it was 48 kg or a similarly small figure: meanwhile neighboring countries talk about tonnes. More than 30 Paraguayan citizens charged with drug trafficking or consumption have been arrested abroad, but this has not happened here. This is out of proportion.

[Wasmosy] There are two alternatives. Either drug trafficking has dropped here or the entire government is involved in this trade. Therefore, to uncover the government officials involved in this trade I need the necessary means. I have asked them to install radar units in Mariscal Estigarribia, Ciudad del Este, Concepcion, and Ayolas and to provide two helicopter-gunships operated by U.S. Marines. What better proof is there than that to show I want to fight this scourge openly.

[Ruffinelli] However, they maintain that when you list the aid received you do not mention the DEA agents who use the infrastructure exclusively designed to fight drug trafficking.

[Wasmosy] That is right but the U.S. Embassy has also included in the global aid granted us the cost of bringing an aircraft with radar [AWACS] to our country. I am grateful to them for this aircraft but the decision to send it here was theirs. They cannot charge the cost of sending an aircraft equipped with radar to the aid granted to Paraguay. They are trying to determine the origin of this nefarious merchandise which is consumed in their country. They cannot charge this cost to the aid granted

to us. That is a U.S. expenditure or investment, not a Paraguayan expenditure. No. If they were to really grant us support and we did not fight drug trafficking, then we would be guilty. But with what budget can I fight these people who are much better equipped with more sophisticated weapons than what our Army has. They have money to buy the most sophisticated weapons. We have discussed this subject with the presidents of Argentina, Brazil, Uruguay. This must be a joint effort with the aid of the United States, which is the greatest drug consumer. The United States must help us. What can we do alone or in an isolated manner?

[Ruffinelli] Engineer Wasmosy, do you know how this is being interpreted? Jon Glassman, to some extent, has warned that the funds obtained from money laundering and drug trafficking may become a very strong political power that is very hard to eradicate.

[Wasmosy] I fully agree with him.

[Ruffinelli] What worries him is the impunity that may currently prevail in Paraguay and that is generating a system of privileges that may even undermine the democracy we are currently enjoying.

[Wasmosy] This risk not only exists in Paraguay, it exists in any South American country.

[Ruffinelli] We are no exception.

[Wasmosy] We are no exception. Do you think it was easy to catch [Colombian drug trafficker Pablo] Escobar, or do you think he was a sort of superman that flew from one place to another? How do you think he got out of prison? There is the answer to your question.

[Ruffinelli] The key issue of the electoral campaign, and even after the campaign, was the economic issue, how to pull out of the prevailing situation, how to resume the economic growth. Even in your Christmas message, you said you wanted to resume the country's growth. We would like to know how you intend to go about resuming this growth.

[Wasmosy] Basically through the implementation of all the corrective measures which, in opinion of the government and entire economic team, fall within the government's program. Some draft bills are still in Congress. We are still awaiting the approval of a law on the Central Bank, a law on privatization, the insurance companies law, and many others that represent the legal tools necessary to carry out these changes in the economic field. According to our possibilities we have, however, given the agricultural sector—the primary producers in particular—the best seed, which is no longer distributed by the state but directly by interested parties such as cooperatives and association of producers. The producers will get the best seed on a timely basis. For the first time too, we have placed 305 billion guaranies at the disposal of the primary producers before the beginning of the agricultural year. The Central Bank and the Finance Ministry used to issue the corresponding decrees around mid-December. We issued them before the beginning of the agricultural year to really cut that chain of... I wouldn't call them usurers, but of those who take advantage of the producers ignorance, misinformation, or need, and who, instead of giving them money, offer them goods at two or three times the real price.

[Ruffinelli] However, the great pending issue about which everyone talks and wants are job opportunities.

[Wasmosy] Right, but job opportunities cannot be created overnight. I would like to point out that Brazilian investments in our country today are huge and there are industries whose projects have been approved by the Industry and Commerce Ministry. All this is being elaborated and organized. Together with the economic team we have evaluated the best way to create more job opportunities and have come to the conclusion that a reforestation program would be best. But we need to shoulder that financing because it is instrumental in making people settle down in one place rather than obliging them to go to live in the city ...

[Rufinelli] The rural exodus problem.

[Wasmosy] ... because they have to weed out the saplings. Incidentally, I visited one with the Cordillera governor on the Pozuelo River, near the Guaira Falls—actually it was nearer Catuete, near Corpus Christi—really a veritable model of that project. It is a very profitable business. What will the government do through the officials from the Agricultural and Livestock Development Service? It will promote the idea. There have been three poor harvests in a row—two of them due to low international market prices that discouraged farmers who were no longer motivated to grow more crops and another caused by adverse weather conditions. I can tell you—and by the way, I have just returned from Arroyito, Horqueta, and other places where I saw that the cotton crop is greater than ever as is the case of corn and new crops in our country, namely sunflower—that this year without a shadow of a doubt that our export earnings will exceed $1 billion. Whenever agricultural activities are doing well, and farmers and agricultural producers get a fair price for the fruit of their work, then it follows necessarily that wholesalers, truck drivers, retailers, and importers earn money too. There is a domino effect, in the same way that construction is the best catalyst to produce a trickle-down effect in the whole economy. Hence, I believe that by strengthening the basis of production, there will be an automatic upswing, and consequently, the number of truck drivers will increase, which in turn means more jobs. And yet, what is really striking at present is the shortage of school teachers to teach the 135,000 children that are without a teacher...

[Rufinelli] What are we doing about this?

[Wasmosy] This indeed concerns me. People from the private sector have offered to train 2,000 teachers. They are already doing so. But we are still 3,000 short and time is running out. Thus, I urge all these youngsters whom I

had the honor of presenting their high-school diplomas to take up teaching so that they may stay where they were born and bred. There are also those who want to study but lack the means to do so. We are granting them scholarships. I am looking for businessmen, traders, industrialists to defray the cost of those studies. Aldo Zucolillo from ABC COLOR newspaper, for example, has already pledged to finance schools in Villa Florida. We are also contemplating doing something comparable at Inagrisa [Wasmosy's own company] in those places which constitute its area of production. We need other companies to cover that deficit. I would not like to resort to the Army because whenever we are in a quandary we turn to the Army and then we criticize it for intervening. Imagine that, a joint action to check smuggling. You can easily verify that all breweries are currently working around the clock while in the past they only worked a six or eight hours per day. You may wonder why. Well, because we curbed the smuggling of beer. Then people say: There are no openings. No. We want legal jobs. The same applies to contraband chickens. We have contained this, preventing them from entering the country. After we seized a considerable number of contraband chickens, the price started to go up. Then we liberalize imports so that we may substitute smuggling with legal importation of products through the payment of customs duties. And who are those importers? The producers themselves since there is total freedom for importing goods into the country. [passage omitted]

Roundup of Economic Reports Through 30 Dec

PY0101221894

[Editorial Report] The following is a compilation of reports on economic activities in Paraguay monitored through 30 December.

On 29 December Inter-American Development Bank President Enrique Iglesias signed in Asuncion a $18.6-million loan to finance a package of projects that will benefit municipalities and departmental governments. (Asuncion NOTICIAS in Spanish 30 Dec 93 p 17)

The first "electrointensive" metalworking company of Paraguay run by Brazilians will begin operations in January with an initial investment of $50 million. The plant belongs to the Brazilian group Ioschpe and is located in Limpio, near Asuncion. It has the capacity to produce 60,000 metric tons per year. (Sao Paulo GAZETA MERCANTIL in Portuguese 14 Dec 93 p 11)

Peru

Fujimori Remarks on Possible Cabinet Changes

PA3012143793 Lima Panamericana Television Network in Spanish 1318 GMT 30 Dec 93

[From the "Good Morning Peru" newscast]

[Text] There could be cabinet changes, Peruvian President Alberto Fujimori has hinted by failing to discard this possibility after promulgating Peru's new Constitution.

[Begin recording] [Fujimori] We have concluded a first phase. There is stability; inflation is well under control, and we have access to international credits, and conditions have been created—it is not that broad exonerations have been granted—so that certain sectors may contribute to vitalizing the economy.

In 1994, we are going to give priority attention to reactivating the economy. Two sectors can contribute to this right now: the construction and tourism sectors.

There is good development already in the agriculture, fishery, and mining sectors.

[Unidentified reporter] Will there be cabinet changes after the promulgation of the Constitution, or will all the ministers be maintained?

[Fujimori] I evaluate the situation every six months, but you have seen that all of the ministers have managed well the government programs.

[Reporter] Could there be some changes?

[Fujimori] This possibility can never be discarded, but I repeat: The ministers have done an excellent job.

[Reporter] The general sales tax [IGV] will be maintained at 18 percent?

[Fujimori] The IGV will be maintained, with the exceptions established by the Constituent Congress, especially for foodstuffs.

[Reporter] The government will not object the law approved by Congress and will promulgate it? [sentence as heard]

[Fujimori] We fully agree with its essence. [end recording]

Constituent Congress President on Constitution

PA3012153793 Lima Panamericana de Television Network in Spanish 0112 GMT 30 Dec 93

[Speech by Jaime Yoshiyama Tanaka, president of the Peruvian Democratic Constituent Congress (CCD), at the ceremony promulgating the new Constitution at the Lima Government Palace—live]

[Text] Mr. President of the Republic of Peru, ladies and gentlemen: A year ago during the solemn ceremony installing the CCD, we pledged to draft a new Constitution that would serve as an efficient instrument to build a modern country with liberty and justice for all Peruvians. Today, as a result of the outcome of the referendum, which expressed the people's solemn mandate, we proclaim that the new Peruvian Constitution is in force. [applause]

This Constitution, which for the first time in the history of our Republic, has the backing of the people's vote, is democratic, functional, and aimed at bolstering the development of current and future generations.

The electoral process, which was held openly and within the framework of unrestricted liberty, showed the maturity and civic- mindedness of the public which participated in a broad debate throughout the country to take a stand on the Congress-approved constitutional draft bill.

We are convinced that the referendum was a historic landmark for the consolidation of our democracy, and Peru was the single winner. We have left behind past frustrations to forge a viable country with opportunities in which all Peruvians will grow. The new Constitution ratifies our belief in democracy as a way of life that guarantees and encourages the people's freedom, human rights, and dignity. The new Constitution reflects the people's wish expressed in the elections to choose the current Congress, which voted for the state branches' modernity, efficiency, and moralization.

We have reduced the government's size and excessive interventionism to transfer greater responsibility to civilian institutions, to free up human resources, and to boost the social market system without interference. As of now, the state will fulfill three objectives: First, it will be a promoter state; that is, it will work toward economic development and well-being for the population. Second, it will act as a regulator to secure the foundations of real competition without privileges, as well as to protect workers, the elderly, mothers, and children. Third, the state will also be a compensator state, seeking social equity.

We have established a single chamber Congress with 120 members, which is the most appropriate system for our needs. Similar to the current Congress, the new Congress will have the advantage of being swifter and more efficient in debates and legislative production as well as being able to exert political control and supervise the handling of public affairs. The judicial branch, whose restoration and autonomy is essential for the balance of the democratic system and for the working of the country, will be freed in the appointment of its magistrates of all possible forms of political interference, be it from the executive branch or Congress.

The appointment of judges and prosecutors, at all levels, will be the decision of the National Council of Magistrates, which will begin its duties when it completes the task that we have entrusted to the Honor Tribunal. The praiseworthy work of its five honorable members will soon become evident in the appointment of prosecutors and judges. The country's pride, prestige, and faith in the justice system will be restored with these appointments.

The economic regime, which was conceived within a pluralist system, is based on private enterprise, whether big or small, as the center of development in a market system that is free, competitive, and open to international trade in order to guarantee a dynamic and sustained growth.

We are convinced that our juridical framework will allow us to attract foreign investments. We are treating both national and foreign investments equally to open more jobs, close the existing gap, educate better our children, offer better services, and, in sum, bring progress to the country.

We have thus acted with foresight and realism. Past ideological battles are being replaced, almost everywhere in the world, with a more pragmatic relation between market efficiency and the social solidarity.

Consequently, we foresee a more humane economic system that will allow everyone to gain access to the market and its benefits.

The main tool for Peru to join the modern era is, undoubtedly, education. It will be high-quality education geared toward humanistic training, work, science, and technology.

The Constitution guarantees free education, at all levels, in public schools. Our contribution was that we extended free and compulsory education to the preschool level; this is a step forward to train and correctly stimulate our children to enter primary school, where the percentage of students who repeat a grade and the incidence of school drop-outs are alarming.

The modern Peru we want must be sown right now, and the best fertilizer for it is education for our children. Children must grow like healthy and robust seeds and plants; for this reason, I would like to urge all sectors to depoliticize the debate on this issue and find the best way to propose an educational reform, a priority in the national agenda.

The new Constitution is a modern and pragmatic document that is inspired by ethical values, but just like any other human endeavor, it is a perfectible work.

Contrary to totalitarian regimes, democracy is based on the plurality of ideas, the tolerance to differences, and the search for consensus. The people trust that we will seek points of understanding to diminish our differences and establish the objectives and priority goals the country needs to face our big challenges. This must be shown in the legal norms needed to implement the Constitution.

The people also hope for greater consensus on the part of all sectors that are committed to ideas of change in order to give stability to the modernization program.

Terrorism—this implacable enemy that has caused so much death and destruction over the past 12 years—is abating, but it has not disappeared.

We are going to persist until we eradicate this scourge, but we should not allow ourselves to be deceived. If we

eliminate terrorist violence but overlook poverty and the conditions in which millions of Peruvian live, we will be exchanging one danger for another.

The national reconstruction process must be consolidated. Our economy, for example, must grow until the end of this century at a rate similar to those of developed countries solely to recover the standard of living that we had 20 years ago. The illiteracy rate reveals that 2 million people do not know how to read and write in Peru; that is, one out of 10 Peruvians does not know how to read and write. Seven out of 100 children die before they reach age one, and this reveals our poor health levels.

This painful situation that we inherited was worsened by the poor economic and social policies of the past, and we cannot remain impassive toward this. This is an immense challenge that we will overcome and must tackle together. Only in a real democracy can we articulate the contributions of all sectors to establish a consensus, integrationist, and consistent force, a long-range national project. Congress and the government are committed to this task.

The great decisions [definiciones] made to relaunch a country are often painful and traumatic, and thus, a consensus is indispensable; this is why no sector or group should reap political benefits. We must all feel part of this modernization program to ensure that a reform such as the one being implemented to modernize the country will last long; we need to have a collective determination and consensus.

Throughout these years, the government, with the people's support, has won the most difficult battles in a country that was in ruins. As a result of the good policies of this administration, which is responding to a global vision as opposed to a short-run vision, we have emerged victorious in the main fronts of our struggle against subversion.

In the economic arena, we have defeated inflation. We have begun to stop the serious recessive process and managed to grow this year at a rate of 7 percent of gross national product. We also rejoined the international financial community and are again creditworthy at the international level. We have successfully advanced in privatizing public companies. We now have a more organized and healthier institutional structure. We enjoy the support of popular organizations and the understanding of businessmen and workers.

We have a legal framework—that is, the new Constitution—which guarantees the application of structural reforms that the country requires to modernize itself. The people, who have placed their trust in these policies, have collaborated with remarkable courage and generosity, but they also harbor the hope of seeing better days.

The time has come to take a new path. We have to join efforts in this frontal battle so that we can venture forth to modernization. It is in this spirit, Mr. President, that we present for your consideration an initiative to reach a national consensus on priority issues related to the people's development. The exchange of ideas and the conclusions to be reached will guide the government in establishing policies and will help Congress in implementing the legal norms the Constitution requires.

To conclude, allow me to make a reflection. Democracy is universally recognized as the system based on freedom which promotes economic growth and collective well-being. The dramatic events that have crumbled political totalitarianism and economic socialism have reconfirmed that democracy is the best form of government. The challenge before us is to demonstrate that democracy is also able to promote human development in Peru. If all of the Peruvians of our generation are able to build an authentic democracy—which will bring prosperity and happiness to our children and our children's children—all of our struggles and sacrifices will have been well worth it. Thank you. [applause]

Opposition Skeptical About Call for Consensus

PA3112190693 Lima Global de Television Network in Spanish 0100 GMT 31 Dec 93

[From the "Global TV News" newscast]

[Text] Opposition congressmen received with distrust and skepticism the president's call for a national consensus on five basic points, which include boosting the economy, educational reform, and amendments to the new Constitution.

During the ceremony to promulgate the new Constitution, President Alberto Fujimori issued a call to all sectors to reach an agreement to boost the Peruvian economy in 1994.

The first reaction from the opposition in Congress was one of distrust and skepticism. Some said they would participate in the dialogue without implying agreement, while others categorically rejected the call.

[Begin recording] [Congressman Ernesto Gamarra] In view of the fact that Mr. Fujimori has made no signs of wanting a concerted agreement, I cannot believe in his call to a concerted agreement.

[Congressman Celso Sotomarino] Ramiro Priale said something that I have always liked: To have a dialogue is not to agree. Any civilized person should want to have a dialogue. [end recording]

Regarding educational reform for the next year, which the president also announced, members of the Education Committee made the following comments:

[Begin recording] [Gloria Helfer] One cannot think about reform if there is no clear proposal to improve the teachers' situation. [end recording]

The minority parties in the Democratic Constituent Congress described Fujimori's request that constitutional reforms be approved by the people as an electoral

tactic. The minority parties said they have been working on just that to present jointly their respective proposals.

[Begin Henry Pease recording] I want to announce to the country that my faction and I presented the first draft constitutional amendment. It is very simple: to abolish the seventh transitory clause which established that the next legislature will be chosen based on the single-district concept [distrito unico]. [end recording]

Terrorist Attack Leaves Two Injured in Lima

PA3112205393 Paris AFP in Spanish 1931 GMT 31 Dec 93

[Excerpt] Lima, 31 Dec (AFP)—The police reported today that at least two persons were injured this Friday, when a rebel commando detonated an explosive device at a substation of the Peruvian Telephone Company in the Santa Anita District of Lima.

According to preliminary reports, an armed group arrived at the substation in a vehicle and exploded the device when the two guards were sleeping. It was also reported that the explosion caused heavy damage to the office and to adjacent buildings. [passage omitted]

Fujimori Orders Reinforced Security

PA0101215194 Mexico City NOTIMEX in Spanish 2034 GMT 31 Dec 93

[Excerpt] Lima, 31 Dec (NOTIMEX)—Peruvian President Alberto Fujimori today called on the Armed Forces to redouble security measures in Lima and other major cities to prevent more terrorist attacks like those that have taken place in past days.

During a meeting held this afternoon with the National Intelligence Service (SIN) high command, the president gave several guidelines to the official forces to encourage them to continue struggling effectively against the subversive groups.

Fujimori demanded more protection for the population, particularly now when the nation is preparing to celebrate the new year.

Fujimori later traveled to the southern Andean city of Arequipa, where he will celebrate the year's end. There he evaluated the country's political violence along with the intelligence services chiefs and the military high command.

Armed Forces and police authorities increased security measures in the capital city after several attacks this week resulted in two deaths, dozens of injured, and considerable property damage. [passages omitted]

Venezuela

Value-Added Tax at Retail Level Approved

PA2912160893 Caracas EL NACIONAL in Spanish 28 Dec 93 p D-1

[Report by Victor Manuel Reinoso]

[Text] Ramon Espinoza, minister of the Presidency Secretariat, has reported that the Council of Ministers approved yesterday the implementation of the value-added tax (VAT) at the retail level starting on 1 January 1994. Espinoza added that the implementation was approved with certain new exemptions that the ministers of finance and Cordiplan [Ministry of Coordination and Planning], along with a special commission, were drafting as late as yesterday afternoon.

The approval of VAT by the government of President Ramon J. Velasquez is also contemplating a 15-percent tax hike on luxury items, an area led by cars with prices of more than 4 million bolivares.

Today we reached the goal given to us by the Special Powers Act. The Public Registry Law was approved, and minor modifications were introduced to the VAT Law, particularly in the area of exemptions. The exemptions were expanded in areas dealing with goods and services of low-income sectors, but in general the law's basic principles will remain. It was also agreed to increase taxes on luxury items by 15 percent to compensate and make this law more equitable and fair, Minister Espinoza explained.

The official added that the expansion of exemptions includes such items as oil, sugar, paper, and mass consumption goods, as well as pensions for low-income people and cultural and sports events. The new table of exemptions also includes airplane tickets but not international airplane tickets.

Espinoza said that the commission would meet yesterday and was especially designated to determine which products and services will be exempted.

The luxury items that will have an added 15-percent tax are vehicles worth more than 4 million bolivares, yachts, billiard tables, and products such as caviar and salmon, which are consumed by high-income sectors. Alcoholic beverages and cigarettes have a special tax that went into effect before VAT approval.

Among the exemptions, the Finance Ministry and Cordiplan experts—led by Ministers Carlos Rafael Silva and Hernan Anzola—are studying medicines sold by the private sector. Espinoza explained that the new exemptions are added to the other, comprising 30 percent of the basic market basket.

Among the exemptions are products consumed in cafeterias, corporate dining rooms, and whatever is purchased in education establishments.

Espinoza said that the 15-percent tax hike on luxury items compensates for the exemptions to keep VAT revenues unchanged for 1994, which had been estimated to be approximately 250 billion bolivares.

This amount will be important to correct the fiscal deficit and somehow reverse inflation and interest rates, which are adversely affecting the production sector. It will also serve to balance the bolivar with respect to foreign currencies, Espinosa said.

The minister said that VAT will allow the government to reverse the current picture, adding: "We believe that this is a temporary, provisional sacrifice, and if it is implemented quickly with certain correctives on public spending, especially on debureaucratization, privatization, and decentralization, we can correct the fiscal deficit during the next government's first or second year."

We could have a one-digit inflation figure, stabilizing interest rates so that the production sector can generate more goods, services, more jobs, and satisfaction, Espinoza added.

80 Million in Propaganda

Meanwhile, Rosana Ordonez, director of the Central Information Office [OCI], has said VAT approval means that the tax will be effective on 1 January in its second stage with the application of Regulation Two, namely, at the retail level. This is so because until now VAT is only being applied at the importer level.

Therefore, the government, Finance Ministry basically, will initiate an information campaign that consists of explaining to consumers how VAT is paid, of what the crossed tax [impoesto cruzado] consists, what the exempted items are, what the tax-paying items are, and how bills are made and in what outlets, Ordonez said.

She said that this campaign, which has had international advisers' support, will be publicized on radio, television, and in the written press, and a series of short television spots were aired yesterday informing the public about the details.

The OCI minister has said the modifications the economic advisers made to the government regarding exemptions are being incorporated into the latest regulation, while luxury items are being taxed more.

Ordonez concluded that aside from the free information on VAT reported by different media, which makes it the more important campaign due to its explanatory nature, the official executive campaign will cost an estimated 80 million bolivares.

President Velasquez Makes End of Year Speech

PA3012230593 Caracas Radio and Television Networks in Spanish 1553 GMT 30 Dec 93

[End of Year speech to the nation by Venezuelan President Ramon J. Velasquez from the Miraflores Palace Ayacucho Room in Caracas—live]

[Text] Men and women of Venezuela: The year 1993, which is drawing to an end, can be seen in our history as the door to a new phase in the nation's life. This is so due to the importance of the situations that were resolved in the framework of democratic and institutional norms and due to the political, economic, and social changes that the transformation crisis made evident.

These changes, which began building up along the initial phases of our democratic life, acquired dramatic urgency when national maladjustments resulting from, originally, the foreign debt pushed the people to protests in the streets and when new political and community organizations appeared; in addition, the people made demands due to the continued deterioration of the majority's social and economic situation.

The ceaseless concentration of wealth and the state's inability to handle efficiently health, security, education, and housing conditions have also contributed to the situation I mentioned.

These protests and the charges about corruption and the trafficking of influence made daily through the media have created in Venezuelans the awareness that they have to participate in and watch how the country is doing, an awareness the people did not have before.

The events of 27 February 1989 are especially significant, because they took place before the promulgation and implementation of the measures that would modify the state's economic policies. The military events of 4 February and 27 November 1992; the new composition of regional and municipal governments as a result of the elections of governors and mayors in 1989 and 1992; the unprecedented and most important process that culminated with my election as president of the country; the new composition of the national and state legislative branch that was the result of this December's elections; and the election of the new president of the country as a product of an alliance of political forces that have broken the traditional process that for 35 years had assured two parties the control of the state; the government's growing fiscal weakness to promptly attend to national problems due to the obligations that the debt has created; and increasingly marked social unbalances are all undeniable signs of the historic conflict to which I have referred.

To these factors we must add the growth of the population, the states' economic, political, and cultural growth, and the autonomy of their governments, as well as the importance of organized communities that are out of the control of the traditional parties.

In Venezuela, the historical gap between the early 1960's and the present, which will reach the threshold of the new millennium, can be seen clearly now. No sector of the country has escaped this commotion. The established order in the political system, the military's demands and proposals, and the tension and struggle among economic sectors are expressions of this cyclical change, which is also present in the fields of science and arts, where the great progress that raises the country's cultural level makes itself evident. We have strived to look for a way out through elections. Although we know that elections are not the only solution, it is the most immediate instrument that the democratic system places in the hands of all Venezuelans to attain peace in this new world to where history is leading us.

We advanced toward the elections amidst incredulity, threats, and rumors. In the end, all of the political currents, both traditional and those that represent the new participation scheme, were present in the elections. It was a multiple participation of the political sectors. From the beginning, my government announced its main objective: to create the national climate and conditions for the elections. We intended to turn the elections into the basis for a national rapport of the Venezuelan people. We intended for the winning candidate to become the standard bearer of national reconciliation, so that the hatred that has divided the country lately could be laid down, so that the retaliatory spirit that has been marking the struggle could be put down, and so that an understanding pact reaching every sector could be attained, because the scope of the existing social, economic, and fiscal problems underline the need for general support so the task of governing Venezuela can be performed.

Venezuela has elected Dr. Rafael Caldera as the new leader of the country. He is a fundamental personality in the democratic process. To his experience as a statesman he adds the moral authority of his life and the broad-mindedness provided by the humanistic disciplines. The Supreme Electoral Council performed the difficult task of presiding over elections that introduced voting methods that proved difficult to understand due to their innovative nature, hasty application, and the legislative branch's tardiness in disseminating them. I am sure that these very difficulties will allay us of the urgent need to finally adopt the automatic methods used by the majority of countries at present. In this new electoral process, the Armed Forces did their duty as usual. This is a task they have been performing since 1958 as guarantors of the electoral process and respecters of the election results. The Armed Forces have reaffirmed their institutional role during these 35 years of democratic life.

We will initiate a uniquely dramatic stage due to the urgent need to solve problems accumulated over decades. The state's present structure cannot bear the weight of these problems or the behavior of the country's fundamental sectors whose vision appears to have been anchored in a remote time in the past: a sparsely populated Venezuela, a debt-free government, and an oil revenue whose daily increase solved, or, even better, avoided every problem. This was a Venezuela living under a gold bell, but this time is over. The various sectors must agree on a truce for an understanding for the success of the leaders whom the country elected as its legitimate governors on 5 December.

The governments' difficulties resulted from, among other causes, an economy in transition, dominated by our lacking capacity for continuing to produce riches based on the income distribution system and on petroleum income, which no longer covers our needs nor does it allow us to continue to finance an easy lifestyle.

Difficulties have also been caused by dissatisfaction, as each one has a reason to feel frustrated by a deficient economic performance after years of discontinued economic policies, often incoherent, whose common denominator, until shortly ago, was attempting to perpetuate the system of living off of rent at the expense of huge economic distortions and visible inefficiencies. Difficulties were caused by pressures from groups, sectors, and institutions that aspire to continue to live off state funds. Difficulties were caused by the high fiscal deficit due to insufficient ordinary income, rigid spending with little productivity, and the weakening of petroleum income based on the traditional schemes. Difficulties were caused by the profound deterioration of the state's structure, of its internal control system, and, therefore, of its operational efficiency. Difficulties are becoming bigger each day and the effects are more harmful each day, as they generate defensive attitudes, mistrust, and instability because they harshly strike the sectors of lower income.

The nation must provide the next government with active and permanent support throughout its term to allow it to eliminate conflicts by substituting them with agreements, stopping the deterioration in the distribution of income, and eliminating the dangers of social violence, in a word, so that it can, with national support, create a time of strategic consensus in which today there is only mixed-up words and confused intentions.

The government over which I preside understood that its basic responsibility was to conclude a constitutional period and guide the country to elections, but it also understood its duty of guiding the economic transition with responsibility and not differing the solution of problems but confronting them to prevent the imbalances from growing.

We have tried to ensure that the political and economic transition over which we are presiding would have the least possible impact on Venezuela. Part of this context was the government initiative for assuming the responsibility of the Special Powers Law; we did this to leave an important contribution in the areas of the greatest priority to contribute toward setting Venezuela on the path to a healthy economic growth.

We undertook banking legislation reform, which is necessary for strengthening and modernizing the financial system and making it more efficient. We undertook

reforms to the housing policy as well as to the system of the mortgage debtors to bolster housing construction for the disadvantaged social groups to obtain the most from the resources the state and depositors may allocate toward this goal.

We took on the responsibility of creating new taxes during very difficult election times with the conviction that every Venezuelan must contribute to the state expenditures in order for us to become permanent fiscal overseers of how Treasury funds are used; these are essential for correcting the fiscal deficit, and we considered the fact that we will never get rid of that deficit by simply cutting the budget or asking for more contributions from the petroleum industry.

We did it because a chronic fiscal deficit has been feeding inflation and will continue to interfere with and threaten national stability if proper corrective measures are not taken soon. This situation—a situation stemming from a large foreign debt that was supposed to bring about the resources necessary for its own amortization—in practice did not yield the expected results, and, instead, it grievously burdened public finances. Along with this, we must add the great changes that have taken place in the oil market over the past few years and the scant political willingness to check our increasing public expenditures. We have taken up this task as the first step in a new fiscal order because it is urgent to take simultaneous action in both public spending and fiscal revenues. A sizable portion of the fiscal deficit has been compensated for through devaluation, which has become a tax in disguise which affects all sectors but weighs more heavily on the lower income classes. In addition, this disguised tax has not resulted in substantial increases in nontraditional exports as originally intended.

The government's administrative actions in the essential areas of local politics, international relations, economy, finances, and other areas will be discussed in detail in the speech we will present to Congress this coming January. During our government's tenure, we have witnessed a stronger national willingness to create the basis for a sincere understanding to overcome the difficulties impeding our progress. This certainty is the result of countless discussions, consultations, and proposals presented to those who represent the most diverse local sectors. This is the singular voice of all regions. The Catholic Church has been present at all times in the search for a way out. Political, entrepreneurial, and labor sectors, and universities and citizens agree that today, more than ever, there is a willingness to join forces and lay aside rivalries to resolve the crisis.

Venezuela will indeed resolve its crisis, and 1994 will mark the beginning of a recovery by the hand of the new government aided by the national determination to cope with problems and resolve them positively, fully aware of the new country's demands. Venezuela will overcome its crisis because we are participants in an unprecedented political transition that has proven the validity of our allegiance to democracy.

Venezuela will overcome the crisis because its main problems have been identified. Some problems are being resolved, while others remain in the hands of the government that a great many people elected for five years, thereby demonstrating their trust.

Venezuela will overcome the crisis because it is increasingly understood that inflation is the worst evil which needs to be corrected. This understanding is necessary to take action to fight this evil, and this is always difficult.

Venezuela will overcome the crisis because it has realized that the straightening out of finances is necessary and cannot be postponed, and this fact must be faced not only through a more efficient and honest administration, but also with income generated through taxes.

It has been demonstrated that the framework established in 1992—reforms to the organic laws on public credits, the budget system, and the Central Bank Law—is a useful tool that is changing the trends in events and is revealing the fact that there is a fiscal crisis, that this has harmful effects, that essential solutions must be found without a delay in facing problems, that requests made to the treasury must be rational, and that we must recognize that some demands cannot be met, as in the recent past, because the costs of not recognizing this would have to be covered by the rest of society by means of inflation and high interest rates resulting from fiscal deficits.

The crisis will be overcome because the country's leaders know it is urgent and necessary to face this difficult social situation, because the poverty levels are increasingly high, because imbalances in income are becoming intolerable, and because of persisting deficiencies in the institutional capabilities of the social sector—that is, the public and private organizations that provide essential social services.

We are dedicated to making reforms that distribute the costs of the adjustments policy. The big differences that exist are the main cause of social discontent.

The crisis will be overcome because the Venezuelan people reject and want to fight the degradation of moral values; because the Venezuelan people are prepared to face the challenge of modern times; and because the new generations have professional scientific, business, and management training and know that there have been global changes that demand that we understand and participate in the integration process.

The crisis will be overcome in order that the Venezuelans, thanks to the work and creativeness of all, may again believe in the possibility of every new generation living better than the previous one and in building a society capable of generating enough well-being that will enable it to again be a country with hopes.

On the threshold of 1994, I wish all the Venezuelan people and those who have decided to live in Venezuela the best of life. Have a good day. [applause]

Defense Minister: Colombian Relations 'Excellent'

PA3112033493 Caracas Venezolana de Television Network in Spanish 2350 GMT 30 Dec 93

[Report by Rayma Rondon; from "The News" newscast]

[Text] Defense Minister Vice Admiral Radamez Munoz Leon gave assurances that relations between Venezuela and Colombia have never been better. He also assured that the relations between the Armed Forces of both countries are excellent and that the measures Colombia is taking to reinforce Venezuelan border surveillance are the best possible.

[Begin Munoz recording] Never have relations with Colombia been as good as they are now. The relationship between both Armed Forces go further than the personal friendship between the heads of the Colombian and Venezuelan Armed Forces and this also holds true for the defense ministers—relations are excellent. I believe the measures Colombia is taking to support our domestic measures is a great demonstration of a broad support based on the various international agreements exercised through both defense ministers and the various military commanders, both Colombian and Venezuelan. The agreements we have are being honored. [end recording]

Likewise, the defense minister reported that starting January greater border security efficiency is to be expected. Regarding the possibility that civilian and military personnel in the Amparo Case [alleged border massacre] may be pardoned, Munoz said that the president is studying the case together with other cases.

Ochoa Downplays Gun Running, Troop Movements

PA0101131494 Caracas EL NACIONAL in Spanish 31 Dec 93 p D-2

[Report by Adela Leal]

[Text] Foreign Affairs Minister Fernando Ochoa Antich has downplayed reports that members of the Venezuelan military are smuggling weapons to the Colombian guerrillas, saying that cross-border gun running is nothing new.

Ochoa Antich said: The truth is that gun running to Colombia has always occurred. On a number of occasions Colombia has informed Venezuela of the problem, and we have investigated and taken disciplinary action within the FAN [National Armed Forces] to prevent such practices.

In reply to a question asked during a year-end toast at Miraflores Palace, the foreign minister said, "The amount of money Colombian guerrillas sometimes offer for Venezuelan weapons is so high that it tempts military or police personnel, but the truth is that the quantities of arms sold are very small."

Ochoa Antich added: One cannot say there exists massive arms smuggling from Venezuela to Colombia. Instead, there are small sales because of a lack of control. In no way, however, does this influence the military situation in Colombia.

Meanwhile, the foreign minister expressed satisfaction over the Colombian Government's decision to support antiguerrilla measures endorsed by Venezuela. Ochoa Antich said: This is what we have constantly asked from the Colombian Government—that it take appropriate actions to ensure that attacks from its national territory against Venezuelan territory are not encouraged.

Ochoa Antich also disputed information coming from Santa Fe de Bogota that says a force of 20,000 Venezuelan soldiers has been deployed along the border. Ochoa Antich said: According to what the defense minister told me, normal border reinforcement movements are under way because of security problems in the area. Anyway, in our territory we can carry out whatever movements we deem necessary without taking into account any other country.

Guyana

Government Seeks Dissolution of Capital's Council

FL3112203993 Bridgetown CANA in English 1709 GMT 31 Dec 93

[Report by Colin King]

[Text] Georgetown, Guyana, 31 Dec, CANA—The Cheddi Jagan government has moved to parliament, seeking to dissolve the Georgetown City Council and set up an interim management body to run the affairs of the city.

A municipal councils (temporary provisions) bill 1993, was tabled in the National Assembly Thursday.

This becomes law, the Georgetown council will be scrapped and an interim management committee appointed by the minister. [sentence as received]

The other municipal bodies—town councils of Linden, New Amsterdam, Rose Hall and Corriverton—would continue in office until their elections are held, provided these elections are held before July 31, 1994. In the event the elections for the four town councils are not held by the stipulated date, then interim management committees would be required from the same date.

But the parliamentary opposition Working People's Alliance wants all five municipal councils to be dissolved. At the final sitting of the house Thursday, the wpa charged

that with elections overdue, councils malfunctioning and service to citizens deteriorating, there was a "crisis" in local government.

The WPA called for the dissolution of "all local government councils in Georgetown, the towns and throughout the rural community". The party said parliamentary parties should arrive at consensus on the appointment of "interim management councils...to execute the first stage of a programme of municipal rehabilitation". But added that in the absence of constitutional reform to allow a "workable" system of local government, it would be unwilling to contest any elections.

Guyana's five municipal councils were appointed by the previous People's National Congress (PNC) government after uncontested municipal elections in 1992. The councils were then asked by the new goverment to remain in office for an extra year ending December 1993, after delays in the election date.

A date for fresh municipal elections is still to be set.

The Jagan administration has since been at loggerheads with the Georgetown council, saying it has been showing "a growing paralysis and dysfunctioning", and does not have the support of citizens.

The National Assembly is expected to resume sitting in the second week of January, when the bill could come up for debate.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal names and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [ ] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Central Eurasia, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735,or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.